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PRACTICE IN THE FIELD: BEYOND THE PUBLICATION

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Pricing Challenges in the Live Events Industry: A Tale of Two Industries

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Ticket pricing is about selling the right seat to the right individual at the right time. The decreasing costs of data analytics and ticket distribution, together with the general frustration from the large gains captured by professional resellers in highly visible online secondary markets, have stimulated a wave of pricing innovation by event organizers, ticket distributors, and online marketplaces for the sport and entertainment industries. Event organizers can keep track in real time of the top selling seats and respond with price changes and targeted promotions. Online resale markets also give cues to event organizers for how much money could be captured by more actively managing ticket inventories.

The way tickets for live events are being sold in primary markets and resold in secondary markets is changing. Event organizers have experimented with variable and dynamic pricing. Some event organizers are starting to adjust prices for each seat continuously in response to demand. Ticketmaster uses auctions to sell the best seats in a venue.

Still, selling tickets remains an uncertain, high-stake and challenging task that often resembles art more than science. Although there is no unique way to price an event, small changes in the environment may call for very different ticketing strategies. This may explain variations in the use of tier, variable, and dynamic pricing across sport and entertainment events. Part of these differences may also be due to the fact that we still do not know a lot about the impact of some pricing strategies on profits and brand reputation. In my interactions with revenue managers I am often reminded that even the most fundamental questions in ticket pricing are still debated: What are the gains from dynamic pricing? Are season tickets outdated? Should prices decrease when an event does not sell well? Does resale in secondary markets increase revenue in the primary market?

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In this paper, I will discuss five challenges common to pricing live events that highlight the questions previously listed (see Table 1). Although this list does not cover everything there is to say about ticket pricing, it brings together a wide range of issues within a coherent framework. I also discuss the relevance of these principles in light of recent developments in the two largest event industries: major sport leagues and concerts for popular music. In 2012, total revenue across the four major leagues was $25.3 billion (Brown, 2013).[1] According to Billboard, the global touring industry was worth $20 billion in 2013, and this number is likely to grow, as the revenue model in the music industry has shifted from a industry that made its money off recording sales (and used touring for promotional reasons), to an industry that is now making its money off touring (and uses recording sales as promotion). Yet, as these two different segments of entertainment are vastly different, interesting lessons can be drawn through a comparison of the evolution process of ticket pricing in these different environments.

Table 1. Challenges to Pricing in the Live Performance Industry

Challenge 1: How to address the three pillars of ticket pricing?
Challenge 2: How to deal with the buying frenzy and ensure ticket availability?
Challenge 3: How to manage resale?
Challenge 4: How to segment the market?
Challenge 5: How can you ensure your fans are getting a fair deal?

When pricing event tickets, one has to take several issues into account. To start, no two seats in a venue are the same. Event organizers must sell tickets to consumers who are not certain they will attend the event although they may have very specific preferences for the seat they want. Some fans want to commit early and secure a ticket. Others prefer to delay purchasing a ticket and take the risk to pay a large premium in resale markets for a seat that is not their preferred one. The simplest way to sell tickets is to open a box office for general admission (no assigned seating) just before the event. This is how movie theaters and small events still sell tickets. This solution, however, has problems. For instance, it is often not possible to distribute a large number of tickets in a short time and some consumers are denied access when the pre-announced price is too low. As a consequence, many consumers may not bother unless they can secure a certain type of seat in advance. That's why most large events use assigned seating and release tickets in advance.

For the purpose of this review, I will limit myself to direct sales and leave complementary sales (on the premise, through television rights, or other ways) for another discussion. For the sake of conciseness, I also do not dwell on the interaction between the different parties involved in setting prices. In team sports, the sport organization has typically much control over ticket prices although it can be subject to a league's constraints. For concerts, top acts work together with promoters generally to set ticket prices (Connolly & Krueger, 2006; Waddell et al., 2007). Ticket distributors (e.g., Ticketmaster), online marketplaces (e.g., StubHub), and pricing consultants (e.g., Qcue) are innovators who offer new solutions to price and distribute tickets.

Challenge 1: How to Address the Three Pillars of Ticket Pricing?

Pillar 1: Tier Pricing

Live events bring together many patrons in large venues. Since no two seats in a venue offer the same experience to the event, the seller offers highly differentiated products. Although these differences may not matter much in a small venue, for large venues seating assignments do matter. Consumers largely agree on which seats are better. Venues have seating charts that capture seat location preferences. Ticketmaster offers interactive seating maps to determine the "best available" seat in each seating section. Leslie and Sorensen (forthcoming) show that the prices in resale markets capture the quality differences that are not accounted for when the price is constant within a given seating section. The best seats in a section sell faster in the primary market and are four times more likely to be resold in resale markets. Thus, some of the transactions in secondary markets occur because quality is not priced in primary markets.

When all seats cost the same, all consumers want the best seats. However, if better seats cost more, some consumers will prefer to purchase the best seats while others purchase what's remaining. Tier pricing, also known as "scaling the house," is used to increase profits by pricing seating quality. When should an event organizer charge more for better seats? How many tiers should there be? What is the return from using tier pricing?[2]

Before tackling the last two questions, it should be noted that tier pricing does not necessarily increase profits. One problem is the enforcement of seat assignment: It is not always operationally possible or economically viable. Cheung (1974) argued that the best way to deter fans from buying a low-tier seat in the hope of upgrading once the event starts is to make sure the high-tier seats are occupied. This justifies selling out the hig- tier seats by setting a low price that generates excess demand. This brings up another issue with tier pricing. The revenue under tier pricing should be compared with the revenue under general admission. Under general admission, the consumers do not know which seat they will get if seats are not pre-assigned or know only at the time of payment under assigned seating. Either way, it's not necessary for tier pricing to dominate general admission. In

Table 2. Pricing in the National Hockey League, 2014-2015

Team	Tier Pricing: Section Count	Variable Pricing[1]	Dynamic Pricing	Packages Available[2]	Total Capacity	Year Built	Average Ticket Price[3]
Anaheim Ducks	7[4]	3	Yes	5	17,610	1993	45.10
Arizona Coyotes	14[5]	4		6	17,746	2003	44.68
Boston Bruins	***	***		4	17,565	1995	88.70
Buffalo Sabres	13[6]	5		4	19,070	1996	49.72
Calgary Flames	16	3		4	19,289	1983	63.07
Carolina Hurricanes	23[7]	2		4	19,016	1999	61.04
Chicago Blackhawks	9[8]	***		3	22,428	1994	78.80
Colorado Avalanche	13	5		4	18,646	1999	47.56
Columbus Blue Jackets	15	4	Yes	5	19,219	2000	48.90
Dallas Stars	6	3	Yes	4	19,120	2001	37.28
Detroit Red Wings	11	-	Yes	5	20,027	1979	49.16
Edmonton Oilers	8[8]	***		4	16,839	1974	72.63
Florida Panthers	***	***		4	20,741	1998	33.39
Los Angeles Kings	***	***		4	18,867	1999	66.25
Minnesota Wild	11	4		4	19,893	2000	67.06
Montreal Canadiens	18[9]	2		5	21,287	1996	73.67
Nashville Predators	15[10]	***		5	17,355	1996	62.16
New Jersey Devils	17	***		5	17,625	2007	77.87
New York Islanders	21	***		5	16,170	1972	47.71
New York Rangers	***	***		5	18,006	1968	49.21
Ottawa Senators	16[8]	-	Yes	5	20,510	1996	51.76
Philadelphia Flyers	21	***		4	20,327	1996	74.65
Pittsburgh Penguins	9	***		4	18,673	2010	73.59
San Jose Sharks	19[11]	4		4	17,562	1993	54.68
St. Louis Blues	18	4	Yes	5	20,082	1994	53.33
Tampa Bay Lightning	22	***		4	19,204	1996	44.50
Toronto Maple Leafs	***	***		2	19,746	1999	113.66
Vancouver Canucks	17	3		3	18,910	1995	84.87
Washington Capitals	32	***		5	18,506	1997	70.98
Winnipeg Jets	7	3		3	15,016	2004	79.28

Notes: The information was collected from the teams' websites. *** indicates no information available.

[1] The values indicate the number of different pricing levels applied to a given seat across different events.
[2] Packages include full-season and half-season tickets, fixed and semi-flex plans (consumer chooses a set amount of games possibly from a list of predetermined games), and single tickets.
[3] In USD (converted at $1CAD=$.89 USD where applicable).
[4] Based on single-game tickets only; 20 for all other types of packages offered.
[5] Based on full-season tickets only; 13 sections for half-season tickets, 10 sections for 13-game semi-flex tickets, 5 for 10-game semi-flex tickets, 10 sections for 5-game flex tickets,
[6] Based on full-season tickets only; 10 for all other types of packages offered.
[7] Based on full-season tickets only; 14 sections for half-season tickets, 10 sections for 12-game plan tickets, 11 sections for single-game tickets.
[8] Includes standing room section.
[9] Includes children and family zone section.
[10] Includes sections bundled with food/services.
[11] Information based on full-season tickets only.

Table 3. Pricing in the National Football League, 2014

Team	Tier Pricing: Section Count	Variable Pricing[1]	Seating Capacity	Total Capacity	Year Built	Average Ticket Price
Arizona Cardinals	12	-	63,400	142,000	2006	82.15
Atlanta Falcons[2]	41	2	71,228	146,852	1992	78.58
Baltimore Ravens	9	-	71,008	145,328	1998	100.19
Buffalo Bills	5	3	73,089	144,946	1973	62.01
Carolina Panthers	15	-	73,779	147,892	1996	72.44
Chicago Bears	15	-	61,500	124,371	1924	108.44
Cincinnati Bengals	10	-	65,484	131,019	2000	71.26
Cleveland Browns	6	2	73,204	140,611	1999	54.20
Dallas Cowboys	***	***	80,000	185,121	2009	110.20
Denver Broncos	***	-	76,125	153,285	2001	87.96
Detroit Lions	9	2	65,000	135,000	2002	72.98
Green Bay Packers	10	-	80,735	161,470	1957	95.61
Houston Texans	14	-	71,054	142,792	2002	88.98
Indianapolis Colts	10	-	63,024	133,024	2008	86.32
Jacksonville Jaguars	21	3[3]	67,246	144,113	1995	57.65
Kansas City Chiefs	16	4	76,416	152,832	1972	68.38
Miami Dolphins	14	-	75,540	155,660	1987	65.16
Minnesota Vikings	9	2	50,000	102,525	2009	88.53
New England Patriots	7	2	68,756	137,512	2002	122.00
New Orleans Saints	12	-	73,208	149,676	1975	111.69
New York Giants	7	-	82,566	165,132	2010	105.66
New York Jets	25	-	82,566	165,132	2010	94.87
Oakland Raiders	9	-	63,132	127,332	1966	64.80
Philadelphia Eagles	8	-	68,532	137,676	2003	98.69
Pittsburgh Steelers	10	2	65,050	131,712	2001	83.97
San Diego Chargers	6	4	71,283	141,844	1967	117.00
San Francisco 49ers	8	2	68,500	143,500	2014	94.55
Seattle Seahawks	13	-	67,135	139,135	2002	80.77
St. Louis Rams	12	-	65,309	131,309	1995	73.86
Tampa Bay Buccaneers	28	-	65,890	140,890	1998	63.59
Tennessee Titans	18	-	69,143	138,286	1999	67.15
Washington Redskins	12	-	91,673	170,673	1997	102.00

Notes: The information was collected from the teams' websites.
*** indicates no information available.

1 The values indicate the number of different pricing levels applied to a given seat across different events.
2 4 section used for "regular" games, 5 sections used for "premium" games.
3 Additional premium if ticket purchased on game day.

some of my previous work (i.e., Courty, 2011) I show that tier pricing is not profitable if the consumers with low valuation end up with the best seats under general admission. It is also important to get the tier prices right. Take the example of Madison Square Garden, which has a capacity of about 20,000 seats for the typical concert and assume an act can charge $100 for the entire venue under general admission, or $200 for the 2,000 seats that are part of what is known as the "golden circle" and $90 for the remaining 18,000 seats under tier pricing. With these numbers, tier pricing increases revenue by only 1%. If instead the price of the worst seats would be $88, general admission would dominate tier pricing.

Major sports leagues make extensive use of tier pricing although different teams use tier pricing to different extents. Tables 2 and 3 present pricing information for the NHL and NFL leagues in the 2014-15 season. The number of sections in the NFL vary from 5 to more than 28 across teams and this is despite the fact that stadium capacity varies little across teams. Touring artists also use tier pricing but to a lesser extent. Using a sample of 20,000 concerts given by the top 100 grossing acts over the period 1992-2005, my colleague Pagliero and I (i.e., Courty & Pagliero, 2012) found that 75% of the concerts used multiple seating categories: 56% used two, 15% three, and the remaining used four. Interestingly, older (i.e., veteran) acts are more likely to use tier pricing. They also use a wider range of prices across seating tiers. This could be because older acts cater to a more diverse range of publics. Interestingly, Ticketmaster has recently started to offer bands the option to have more sections (Savitz, 2011).

What is the return organizers get from price discrimination? According to my work (i.e., Courty & Pagliero, 2012), tier pricing increases revenue by about 5% over single-price ticketing. Leslie (2004) found a similar figure using data from a Broadway show. Each additional seating category increases revenue but by a decreasing percentage: the fourth seating category increases revenue by 2.1% relative to having three seating categories. The return to introducing tier pricing is also higher in markets with higher demographic diversity associated with greater differences in willingness to pay for seat quality.

Pillar 2: Variable Pricing

When using this approach, the event organizer must assess how much the public is willing to pay for the event and this depends on the attractiveness of the event (e.g., the demand for a sports game depends on the opponent team) and on the public (e.g., the demand for a given concert is not the same in New York City and Rochester, New York). Dealing with differences in demand is key because most event organizers face a capacity constraint. Concert tours have some control over quantity through the choice of venue and number of shows although this is often limited, and most sport teams have no flexibility in this regard.

Thus, event organizers vary prices across events based on the differences in demand. This is known as variable pricing. In sports, variable pricing sorts games into price levels based on anticipated demand, which could depend on day of the week, month, holiday, opponent, team record, league standing, injuries, historic rivalry, presence of a star player, and so on. Some teams use up to 20 variables to determine price (Paul & Weinbach, 2013). Baseball was already using variable pricing in the 1990s and the NFL was the last major league to introduce variable pricing in 2014. Tables 1 and 2 report that teams in the NHL and NFL use multiple price levels. Using MLB 1996 season attendance data, Rascher and his colleagues (2007) found that variable pricing can increase price by about 2.8%.

For concerts, variable pricing consists of charging different prices in different cities or for different days when a band offers multiple concerts in a given city. Courty and Pagliero (2014) documented the use of variable pricing by top artists. There is much variation in the extent to which artists use variable pricing. Surprisingly, a significant fraction of bands make very limited use of variable pricing.[3]

Pillar 3: Dynamic Pricing

Sometimes the factors that influence the demand change between the time tickets are released and the event date. Then, the event organizer can change the price in response to new circumstances. This is known as dynamic pricing or real-time pricing (Paul & Weinbach, 2013). Under variable pricing the price of a ticket for a given seat in two events may differ.[4] Under dynamic pricing the price for a given seat in a given event may differ at two points in time. This distinction, however, is not always clear in the literature. Dynamic pricing was not possible with traditional ticketing systems. That's because it used to take days to make a price change. To be effective, price updates have to be done simultaneously for many sections in a venue and for many events at the same time (games in a season or concerts in a tour).

Dynamic demand uncertainty implies that the market clearing price changes in response to news regarding the event attractiveness. Such shocks prevail in the sports industry. They include weather forecast, team standing, game stake, injury, and so on. Sometimes the demand shocks are not known to anyone. In the ultimate form of dynamic pricing, the price responds to comparisons of current sale rates relative to historical sales rates in similar circumstances. A small ticket inventory relative to historical inventory is interpreted as a positive shock to demand. Consequently, prices are increased above historical levels. Doing dynamic pricing requires a detailed knowledge of how prices and ticket inventory should change as one gets closer to the event date.

The San Francisco Giants were one of the first teams to introduce dynamic pricing in baseball around 2005 (Lemire, 2009). As of 2014, about two thirds of MLB teams use dynamic pricing (Shea, 2014). Other leagues have also experimented with dynamic pricing. The Dallas Stars were the first NHL team to introduce dynamic pricing in 2009. In the 2014-15 season, six teams reported using dynamic pricing (Table 1). Some bands have also started using dynamic pricing. Ticketmaster started to auction some of the best seats for top concerts in 2005 (Farber, 2006).

Sweeting (2012) computed the gains from dynamic pricing in secondary ticket markets for MLB tickets. In his sample, prices decrease on average by 40% toward the event date.

Dynamic pricing can increase sellers' expected revenue by about 16%. The Giants reported an increase in revenue of 7% from introducing dynamic pricing (Hunt & O'Neill, 2013). The firm Qcue manages a dynamic pricing software for about two-thirds of the MLB teams and works with the NHL and NBA as well. The company claims that dynamic pricing can increase revenue by 30% in high-demand situations and 5-10% in low-demand situations (Rishe, 2012). Others sources report lower increases in revenue.

Challenge 2: How to Deal with the Buying Frenzy and Ensure Ticket Availability?

Some concerts are sold out in a matter of minutes but this is not always the case. Courty and Pagliero (2014) find that only 41% of the concerts in their sample are sold out. Ticketmaster reported that in 2010, about 40% of event tickets did not sell (Savitz, 2011). The same hold for many sports events. Tickets are typically available for baseball games but rarely so for football games. Sport economists have debated whether the NFL underprices tickets (Fenn, 2012).

Not all tickets are offered in the primary market at face value. Some tickets, and in particular those for the best seats, are sometimes diverted from the general public. The event is typically "officially" sold out in a buying frenzy and the withheld tickets are resold at much higher prices than face value typically by brokers (Cortes-Vazquez, 2010). This suggests that there is no unique way to manage ticket supply.

An instant sellout can reveal something about the popularity of the event. Slow sales negatively impact the reputation of the act or the team; consequently, some event organizers attempt to create a sense of scarcity for the sake of advertising. An event is worth attending only if there is excess demand and the more excess demand the better it is. The argument cuts both ways. When there is excess supply, lowering the price may send negative signals regarding the event. Even if it generates short-term revenues, discounting may end up damaging the brand's long-term reputation.

For concerts, there is a lot of uncertainty before the tour begins. There is much speculation about whether a new tour will be as good as previous ones. This uncertainty also exists in sports competition but there is less scope for subjective speculations: the attractiveness of a game depends on objectively observable variables such as the two opponents, competition standing, winning stake, and so on. Concerts are more subject to demand herding and buying frenzies.

Some artists manage ticket availability differently. They set a price and vary the quantity supplied to serve the market. At the given price, it is possible to add or cancel concerts. Waddell et al. (2007) illustrate this arguing that

> *Garth Brooks, arguably the hottest act on the planet in the mid-1990s, put together country music's first $100-millions tour by charging about $20 a ticket when he probably could have charged several times that. The strategy of Brooks and his team was to attract as many people as possible and not let ticket prices determine whether or not someone came to the show. Brooks stayed in a market until demand was filled. (p. 30)*

Challenge 3: How to Manage Resale?[5]

Secondary markets exist for multiple reasons, including some related to the themes discussed above: (a) tier pricing is nonexistent or incomplete, (b) the event organizer does not use variable or dynamic pricing, and (c) the event organizer sells tickets in a buying frenzy. In these cases, resale is motivated by profit-seeking intermediaries (e.g., brokers or scalpers), who exploit arbitrage opportunities. If it were only for these reasons, most event organizers would oppose resale on the ground that it takes surplus away from consumers. In fact, resale is regulated or banned in many jurisdictions (Happel & Jennings, 2010).

Another important reason for resale is that many fans cannot plan in advance. Leslie and Sorensen (forthcoming) study a sample of 56 rock concerts that were mostly sold out. They found that about half of the tickets resold in StubHub and eBay were from individual consumers. Assuming that these consumers initially intended to attend the event, one concludes that half of resale transactions are due to consumers changing their plans.

Resale is not that important relative to primary sales in Leslie and Sorensen's sample—it represents about 5% of total capacity on average. Ticket prices in the resale market are 41% above face value, although there is much variability in the profitability of reselling tickets. More than one-fifth of tickets are resold below face value. According to their model, resale increases consumer surplus by 5% relative to a situation where resale is prohibited.

Many factors influence consumers' ability and willingness to attend an event, ranging from change in personal circumstances, traveling plans, and interest in the event. Consumers finalize their plans at various points before the event date. The event organizer can sell to more consumers by making tickets available long in advance for the patrons who need to commit ahead of time. At the same time, it's not possible to sell all tickets in advance because many consumers cannot commit early. Thus, ticket exchange will typically happen until the event date. If the event organizer runs out of tickets, because the initial price was too low or because the demand changed, a patron will buy from resellers in secondary markets. Courty (2003a) argued that when the consumers who want the best seats find out only in the last minute that they can attend the event, resellers have an advantage over the event organizer in making available some of the best tickets to last-minute patrons. Some event organizers address this problem by auctioning off the best seats in a venue.

When discussing resales strategies, refund and transfer policies matter. Consumer who cannot transfer their ticket will be reluctant to purchase early. Event organizers recognize this problem. Stubhub is an online marketplace dedicated to ticket resale that was founded in 2000. It has partnered with many sport organizations as the official secondary reseller. Such partnerships eliminate many frictions inherent with secondary markets and in particular the need to physically transfer tickets. Fans have a secure, simple, and reasonably cheap way to minimize loses when they change their mind. StubHub typically takes 25% of the transaction price, which is split about equally between the buyer and seller. Ticketmaster offers similar services on Ticketexchange, and some professional sports also offer their own Internet resale services. Supporting resale adds value to consumers and possibly increases the price charged in the primary market. Resale also reduces the number of no-shows and the associated decrease in the sales of ancillary products. In the long run, it is conceivable that primary and secondary ticket markets will eventually merge.

Challenge 4: How to Segment the Market?

The event organizer can benefit from segmenting consumers into tightly confined groups. Under market segmentation, the event organizer makes available some tickets at a low price only to some fans. Because these tickets are not available to regular fans, the event organizer can increase the price of regular tickets. One application of market segmentation is to charge a lower price to students, families, or senior citizens.

Another application in the sports industry is season tickets. By bundling tickets, sport leagues can sell a large fraction of capacity without cannibalizing the demand for regular tickets. Sports leagues offer a variety of ticket packages. These could be season tickets that include all regular games, half-season, or packages for a given number of games that could be fixed or flexible. Table 1 reports that teams in the NHL offer up to six different types of packages. Package pricing is similar to bundle-size pricing studied by Chu and colleagues (2011) in the context of theater plays. Bundle-size pricing charges consumers for the number of events purchased (instead of pricing each individual event). In the concert industry, some bands try to make targeted offers to registered fans. Others offer VIP concert packages that include a T-shirt, an autograph, and a CD, for example.

Market segmentation can be very profitable when demand is weak. Selling all seats may require greatly lowering prices with a negative impact on revenue. Instead, the event organizer can increase revenue by segmenting the market. The idea is to sell tickets to buyers who would otherwise not have attended the event. In the case of season tickets, some fans would attend only a couple of games a year at the regular price but are willing to spend more to attend the entire season.

Challenge 5: How Can You Ensure Your Fans Are Getting a Fair Deal?

"When Babs tried to charge up to Euro 900 for a Rome gig, Italian fans rebelled and urged the city's government to refuse the singer use of a stadium. After the public outcry, Streisand cancelled the concert" (Maguire, 2008, para. 16). Top acts carry enormous market power and can command astronomical prices. In contrast to Barbara Streisand, other acts do not exploit market power. They claim that it is not fair to do so. For example, Bruce Springsteen, Pearl Jam, and the Dave Matthews Band charge prices such that the demand for their tickets is always greater than the number of tickets available for sales. There are also examples in sports. When asked why it would not increase prices for the Super Bowl, the NFL answered that "the league tries to set 'a fair, reasonable price' because it wants to maintain an 'ongoing relationship with fans and business associates'" (Krueger, 2001, p. 25). Another example from sports is that leagues treat season ticket holders as long-term customers: The prices of season tickets typically vary little from year to year and certainly responds much less to demand than the price of regular tickets.

Some acts argue that it is not fair that money should determine who attends an event. A true fan, who is committed to an act, should not be excluded for financial reasons. Kid Rock, for example, cares to have genuine fans in front of him. For some of his concerts he does not put the first two rows for sale because, he reports, "I'm tired of seeing the old, rich guy in the front row with the hot girlfriend. And the hot girlfriend, you know, with her boobs hanging out, with her beer in the air, just screaming the whole time. And the old, rich guy standing there like he could care less" ("Kid Rock," 2013, para. 32). The Barbara Streisand anecdote also suggests that consumers can be antagonized when they feel exploited. If unfair pricing antagonizes consumers, suppliers may also want to appear fair for strategic motives. There is mixed evidence that aggressive pricing, that leverages market power, necessarily antagonizes consumers (Courty & Pagliero, 2010).

What is clear is that event organizers take fairness concerns seriously when they introduce new pricing schemes. The firm Qcue, which has brought much pricing innovation in sports, reports:

> *In the initial stages, we had both technical and emotional barriers to overcome. We were changing the way things had been done for so many years, moving from pricing ticket 9 months out and keeping them static, to allowing the price to flex right up until the first pitch. That meant educating those*

> *in charge of ticketing operations as well as the fans. (Rishe, 2012, para. 12)*

The St. Louis Cardinals reported that: "The biggest challenge was communicating the new pricing structure to our fans and overcoming the concern of season ticket holders that we would be undercutting their prices" (para. 27). Most teams guarantee season ticket holders that they would never sell individual tickets below the value of a season ticket.

A Tale of Two Industries: Major Sports Leagues versus Live Concerts

Information technology has been of tremendous value in finding solutions for the above challenges. It impacted the ticket pricing industry in two different ways over the past 20 years. First, it has greatly reduced the cost of data analytics and ticket distribution. Event organizers can collect much information on which seats sell well at what price and on the external circumstances that influence sales. Information technology also allows event organizer to keep track of inventory and adjust prices in real time. Sports leagues, for example, have accumulated a large amount of information on how ticket sales depend on a wide variety of variables that influence demand. This information is used to adjust ticket prices in real time and to set the prices of future events.

Second, information technology allowed event organizers to deal with the third challenge (resale market), and get a foothold in the secondary market. Resale used to be an underground activity plagued with frictions and repugnance. This has changed. For many events, ticket holders are now given the option to resell tickets in a safe and simple way in sponsored online markets. Many event organizers have endorsed secondary markets because resale increases the value to consumers, decreases no-shows, and boosts ancillary sales. The widely available information on secondary market prices has increased consumer familiarity with and acceptance of the fact that a ticket does not have a fixed value. And this information also gives event organizers clear reminders when they under-price some tickets. Posted prices in secondary markets may have little to do with the face value on the ticket, differ widely from seat to seat, and respond to change in demand. There is no question that this rich source of information influences pricing in the primary market.

There has been some innovation in pricing in both sports and concerts. That being said, the extent and breadth of pricing innovation varies greatly across these two industries. The most dramatic change in the sports industry is the introduction of variable and dynamic pricing. Dynamic pricing addresses the unique feature that the attractiveness of a sporting event depends on objective variables, such as game stakes, that typically change until the event date. Variable pricing is also extensively used. Sport event organizers know the general level of demand for an event fairly well because they offer similar events on a regular schedule. Data analytics goes a long way toward guessing future demands. It is not easy for concert managers to emulate this approach in the touring industry as they are faced with an entirely different market each night. Hence, they need to find the right price for a unique show in a unique city every single night. Data analytics is limited to the extent that acts are differentiated along dimensions that are difficult to objectively grasp and because most bands do not tour on a regular schedule using the same venues. Dynamic pricing is less helpful because there are few objective demand shifters that vary systematically before the show. However, bands have the option, which is not available in sports, to adjust quantity up and down by adding or withdrawing concerts. Tier pricing is also more complicated because a touring act gives concerts in various venues with scaling options that depends on the interaction between venue characteristics and the tour-specific stage. While splitting the venue in two tiers used to be common, top acts are slowly increasing the range of prices in a venue and the number of pricing tiers.

An important question is whether access to data analytics and the decreasing cost of ticketing are forces that will push toward convergence in the choice of pricing strategies. After all, one would expect that adoption of pricing innovations should reduce idiosyncratic choices of pricing policies. This does not seem to be the case. There is still much variation within leagues in how teams price tickets and across leagues as well (see Tables 2 and 3). Courty and Pagliero (2014) documented the existence of "artist pricing styles" that capture systematic differences across artists in the use of variable pricing and in the degree of exploitation of market power. These observed differences could be because there is no unique way to set prices, and frictions and inefficiencies prevent events from being optimally priced, possibly because some acts and team owners take other considerations into account than just profits when they set prices.

To sum up, event pricing is rapidly changing as professional revenue managers have joined the pricing game, bringing along new tools and resources to analyze demand and dynamically adjust prices. At the same time, fans understand that uniform pricing is on its way to extinction, at least for major events. We are seeing the beginning of a new age in ticket pricing where much gains can be captured by making tickets available to individual fans for the right seat in the right event. Doing so requires very flexible inventory systems that respond to unanticipated and sudden changes in event popularity and that also accommodate the changing personal circumstances of individual consumers.

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Endnotes

[1] Ticket sales represents between 22 and 41% of revenue depending on the league (www.rodneyfort.com).

[2] These questions fall within the broader literature on price discrimination. Event pricing is distinct because the set of quality classes is largely outside the control of the event organizer (Rosen & Rosenfield, 1997). See also Courty (2000) for a review of the economic literature on ticket pricing.

[3] Twenty-two percent of the concerts in a sample of 20,000 concerts use the most used pricing policy in the tour. The range of price difference across cities in some tours is also very small.

[4] This definition implies that the price of a ticket for a given seat cannot change over time.

[5] Non-transferable tickets are almost never used for event tickets (Cui et al., 2014).

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Friend or Fearsome Leader: Autocracy[1] in Coaching Team Sports

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Never, ever cede control

If the day came that the manager of Manchester United was controlled by the players—if the players decided how the training should be, what days they should have off, what the discipline should be and what the tactics should be—then Manchester United would not be the Manchester United we know. I wasn't going to allow anyone to be stronger than I was. Your personality has to be bigger than theirs. There are occasions when you have to ask yourself whether certain players are affecting the dressing-room atmosphere, the performance of the team and your control of the players and staff. If they are, you have to cut the cord. There is absolutely no other way. It doesn't matter if the person is the best player in the world. Some English clubs have changed managers so many times that it creates power for the players in the dressing room. That is very dangerous. If the coach has no control, he will not last. ("Manchester United legend," 2013, para. 10)

Sir Alex Ferguson, former manager of the Manchester United Football Club made the above statement in his interview with Harvard Business Review. He is not the only or the first coach to say that a coach needs to be authoritarian and autocratic in dealing with the team. The image of the "autocratic coach" is well illustrated throughout the entertainment world. For example, in the 2000 film titled "Remember the Titans," Coach Boone declared to his team "This is no democracy. It is a dictatorship. I am the law" (IMDb,

[1] Autocracy is defined as "government by a single person or small group" that has unlimited power or authority, or the power or authority of such a person or group (Autocracy, n.d.).

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It must be pointed out that both Sir Alex Ferguson (soccer) and Coach Boone (football) were coaching team sports and that the players acknowledged and accepted their autocratic coaches. For instance, upon Ferguson's retirement, former player Rio Ferdinand noted that every player was really appreciative of what the coach had done for their careers (Bhardwaj, 2014). Further, their autocratic approach is pertinent and functional only in team sports because only team sports requires the selection of team members, adoption of strategies suited to the skills of those players, the deployment of selected players, and extensive coordination among those deployed members of the team. Accordingly, the following discussion pertains only to coaching of team sports and summarizes my thoughts and past work as a scholar on leadership.

Autocratic Person versus Autocratic Situation

Vroom and his associates (Vroom, 2000, 2003; Vroom & Jago, 1974; Vroom & Yetton, 1973) noted that instead of characterizing leaders as autocratic or democratic, we should analyze the problem situations and their attributes and choose the extent of member participation that is appropriate for each situation. Vroom and Yetton (1973) classified the extent to which members are allowed to participate in decision making into five categories: (1) *Decide*, where the leader makes the decision by himself/herself; (2) *Consult Individually*, where the leader gets the feedback from individual members on a given problem and makes the decision; (3) *Consult Group*, where the leader gets the feedback from the whole group and makes the decision; (4) *Facilitate*, where the leader gets the members to concur on a decision within certain limits; and (5) *Delegate,* where the leader permits the group to make a decision within certain limits and without his/her involvement in the process.

Vroom (2000, 2003) also suggested that the extent of member participation in decision making is dependent on the nature of the problem defined by the following attributes. *Decision significance* refers to the importance of the decision to the organization as in choosing a marketing strategy as opposed to buying an office table. *Importance of commitment* refers to members' commitment to the decision, which is necessary because the decision has to be executed by the membership (i.e., members participating in decisions are expected to be committed). *Leader's expertise* explains the amount and quality of information, knowledge, and expertise related to the problem at hand possessed by the leader. *Likelihood of commitment* is the expectation that the members will be committed to a decision made by the leader. *Group support for objectives* is the extent of members' acceptance of the goals and objectives of the group and organization. *Group expertise* highlights the amount and quality of information and expertise the members have collectively. Finally, *Group integration* (i.e., the extent to which members agree on the preferred solutions) need to be high for them to effectively participate in decision making.

Player Preferences for Autocratic Decision Making

While Vroom (2000, 2003) provided some explanation of why participative decision making may not be appropriate in all situations in conventional organizations, he does not explain or substantiate the practice of absolute control in coaching team sports as strongly endorsed by Ferguson. Based on earlier writings by Vroom and his associates (Vroom & Yago, 1974, 1988; Vroom & Yetton, 1973), some colleagues and I (Chelladurai & Arnott, 1985; Chelladurai, Haggerty, & Baxter, 1989; Chelladurai & Quek, 1995,) carried out a series of research to ascertain player preferences for their participation in decision making related to their teams. We described a problem in terms of the following five attributes: (1) *Quality requirement*: some problems may require a high quality decision as in selecting the members of the team, while leaving others out; (2) *Coach information*: if a coach has all the necessary information, member participation is not necessary; (3) *Problem complexity*: when the problem is complex, the best individual is likely to make better and quicker decision as in the case of the coach selecting the team; (4) *Group acceptance*: members are likely to execute a decision well if they accept the decision as optimal and executable, and such acceptance is generated when members participate in a decision; and (5) *Team integration*: if the quality of interpersonal relations and cohesion among the team members is high (i.e., the team is integrated), participative decision making would be fruitful.

Our proposition was that the configuration of these five attributes in a given problem situation would indicate the extent of member participation in decision making. We labeled the various types of involvement of members in decision making as the *decision styles* and included (a) *Autocratic I,* where the coach makes the decision using the information available to him or her at the time; (b) *Autocratic II*, where the coach obtains the necessary information from relevant individuals and then makes the decision; (c) *Consultative I*, where the coach consults with relevant players individually and then decides; (d) *Consultative II*, where the coach consults with all players as a group and makes the decision, which may or may not reflect players' influence; and (e) *Group*, where the coach shares the problem with the players and the coach and the players jointly make the decision without any influence from the coach.

In previous work I helped to complete (i.e., Chelladurai et al., 1989), we compared the decision style of 22 coaches (males = 15; females = 7) in specific situations against 99 of their players (males = 53; females = 46) and their expressed preferences of a particular decision style in the same situations. While there were some differences among the three groups (coaches, male and female players), we found each group selected the *AI* style (coach making decision alone) more often than any other style. While the *CII* style (consultation with all players on a group basis) was the second most popular choice in all three groups, the participative style *(G)* was chosen less than 20% of the time in all three groups. More interestingly, the *AI, All,* and *CI* styles (those that involve minimal influence from the members) were chosen 64.8% of the time by coaches, 59.4% by male players, and 57.3% by female players. An additional study, on 51 high school boys' basketball coaches (i.e., Chelladurai & Quek, 1995) showed that they preferred the *A1* style 32.5% of the times and *CI* style was the least preferred choice (9.7%). The Group decision making was chosen only 21.1% of the times.

Rationale for Autocracy in Coaching Team Sports

Based on Vroom's framework, and the work I helped complete, we can suggest that there should be greater participation by players in decision making because most decisions on the strategies to be adopted and on the deployment of specific players for each game need to be of high quality; the players are expected to be committed to those decisions if they had participated in them; and players' support for the team's objectives are high. Yet that does not seem to be the selected approach. Possible explanations for a coach being autocratic include the rationale that the coach has the necessary expertise and knowledge to decide on the strategies to be adopted and which players to use in a game, the players would accept the coach's decisions, and the players' self-interest may cloud their participation in decision making.

Players' Self-Interests

The last point regarding the players' self-interests is enigmatic. Self-interests of individual players create internal rivalries and such internal rivalries may be antithetical to the necessity of cooperative and collaborative actions during competitions against other teams. However, such self-interests may also be functional and essential in enhancing the performance capabilities of the team as a whole. Given this dynamics of self-interests of players elevating team performance, a coach should, in fact, cultivate this rivalry among players with the aim of improving the total team performance (Chelladurai, 2012). In a sense, a coach should move away from the sleepy slogan of "There is no 'I' in team" to a conviction that more effective teams can be made up of self-interested individuals. Further, I argue coaches are able to encourage the self-interests of individual players and, at the same time, convince the players that their self-interests would be fulfilled only if the team does well. This blending of competing individuals into effective teams is akin to forming coalitions. Take for example the Los Angeles Lakers teams of the 2000s. Together Shaquille O'Neal and Kobe Bryant enjoyed an intense personal rivalry as teammates facilitated and managed by their coach, Phil Jackson, toward three National Basketball Association (NBA) titles. However, similar success was not achieved during the brief but tumultuous relationship between Bryant and Dwight Howard despite their own personal desires to assume recognition as the team's best player.

Athletic Teams and the Coach as the Builder of the Coalitions

Additional work I helped produce (e.g., Carron & Chelladurai, 1981; Chelladurai, 1981) viewed an athletic team as a coalition of maximum resources, and recognized athletic teams can reap their rewards only if they beat the opponents in competitions. The notion of building a coalition of maximum resources is best exemplified by the practices of drafting (in professional sports) and recruiting (in university sports) of star players. It is also certain that a team (at any level) will have more players than the number allowed on the court or field. For example, a basketball team is usually allowed to field 12-15 players but only five of them can be on the court at any time. It is up to the coach to decide which of these 12 players would make up the best combination of resources to be deployed at any one time.

In the conventional coalition formation, the would-be members of the coalition would negotiate among themselves on the terms and conditions and then decide on the shape of the coalition and membership. In the case of a competitive sports team, however, it is the coach who is charged with the responsibility and given the authority to decide on the nature and attributes of the coalition, and to select the members for that coalition. The coach objectively assesses the manifest and latent talents and skills of the athletes and, even more importantly, decides on the optimal use of those talents and skills (Chelladurai, 1981). That the available resources are combined into the most effective alignment is more crucial than the objective and individual assessment of those resources.

Player Input in Coalition Formation

Many of the conflicts within a competitive team can be attributed to the discrepancies among the members in their evaluation of the relative merits of the players and their perceptions of how their contributions meld into an effective alignment of players. It must also be noted that the effective alignment of players (i.e., the coalition of maximum resources) considers not only the physical attributes and skills of the players but also their psychological characteristics. While the absolute levels of ability (talent or skill) is not the sole criterion on which a team is built, it is likely to be emphasized by individuals who possess it. This differential emphasis on absolute ability may, in turn, disrupt the stability and effectiveness of the coalition. In so far as the players themselves are vitality interested in being part of the coalition, it would be unwise for the coach to engage them in the formation of the coalition.

Given that the athletes are knowledgeable in the sport and are aware of all the strategies and tactics associated with it (to varying degrees of understanding), they may have differing views of what strategies, tactics, and resources (i.e., players) should be adopted or used in a given contest. Since it is quite possible that their choice of strategies and tactics would favor their own inclusion in them, it would be unwise to engage them in decision making in this regard. The coach has to ensure that these differing perspectives are not allowed to foster any dissensions in how the total team operates. Hence, I rationalized coaches tend to refrain from including the players in decision making.

Leadership and Task or Ego Involving Climates

The suggestion that a coach may encourage and facilitate internal rivalry among members of a sports team runs counter to the recommendations of Duda and Hall (2001) and the finding of Nicholls (1984, 1989) that individuals adopt two different achievement goals—*task* goals and *ego* goals. In a task-goal situation, the individual is focused on development of competence and continued improvement as markers of success. That is, success in one's efforts is self-referenced. It is also based on the conviction that ability or competence can be enhanced through one's effort. "Because perceptions of success and failure tend to be based on self-referenced standards, it is suggested that a focus on task goals will lead to greater absorption in the process of improving and less preoccupation with proving to others how good one is" (Duda & Hall, 2001, p. 418). In an ego-goal situation, however, the individual is concerned with the demonstration of competence in the presence of others, and does not want to be judged incompetent. Further, a person with ego goals believes that success is based on high ability rather than effort. Such a person is likely to drop out of those endeavors where others are expected to do well.

In the context of sport, the coach is said to be responsible for creating a climate that may shape the goal orientations of participants (Duda & Hall, 2001). In creating the task-involving climate, the coach emphasizes individual improvements in competence and enjoyment of the incremental improvements in competence. The coach recognizes and applauds the improvements individuals make and stresses the importance of effort as a reward. The coach treats all members equally and includes them in all activities, and instills a sense of communal learning. In an ego-involved climate, however, the coach compares and contrasts individual performances, criticizes or punishes poor performers, and creates groupings based on performance capabilities. In such a climate, "differential structures such as the standards, methods, and criteria underlying evaluation, the nature of recognition and the manner in which it is expressed, the source of authority, the way tasks are structured, and the manner in which individuals are grouped are held to constitute the overriding climate operating in achievement settings" (Duda & Hall, 2001, p. 419).

Autonomy-Supportive Leadership

Countering the notion of autocracy presented in this paper, Amorose and associates (Amorose & Horn, 2000, 2001; Amorose & Anderson-Butcher, 2007) and Vallerand and associates (Mageau & Vallerand, 2003; Vallerand, 2007) proposed a linkage between leader behavior and the outcomes of participant motivation and continued participation. Their perspective is based on Deci and Ryan's (1985; Ryan & Deci, 2000) self-determination theory (SDT), which specifies that humans are characterized by three needs: autonomy, relatedness, and competence. Any activity contributing to the satisfaction of these needs would be appealing and motivational for continued participation in that activity. The central tenet of this line of research is that the leader/coach can create conditions that foster the sense of competence, autonomy, and relatedness among the participants. They labeled this specific form of leader behavior *autonomy-support.* More specifically, autonomy-support would involve (a) providing choices within specific rules and boundaries, (b) explaining the tasks and boundaries, (c) recognizing members' feelings and perspectives, (d) allowing individuals to take initiative, (e) providing non-controlling feedback, (f) avoiding criticisms and rewards to control behavior, and (g) reducing ego-involvement in members (Mageau & Vallerand, 2003). In support, Amorose and Anderson-Butcher (2007) found that high school and college athletes' perceptions of autonomy-supportive behaviors by their coaches were positively related to their satisfaction of the needs for competence, autonomy, and relatedness which, in turn, enhanced their belief that their participation was self-determined.

Synthesis of Contrasting Approaches to Leadership in Sports

I (Chelladurai, 2012) have labeled the more demanding and directing type of leadership advocated by Chelladurai (2007) and the autocratic style of leadership preferred by the athletes (Chelladurai & Arnot, 1985; Chelladurai, Baxter, &

Table 1. Leader Behavior Deemed Essential in Pursuit of Excellence

Leader Behavior	Description
Creating a Vision	Creating vision with new objectives, instituting new strategies, convincing the athlete of its attainability, and expressing confidence that the athlete can reach that vision.
Intellectual Stimulation	Challenging existing assumptions and attitudes, encouraging creativity and innovation, and presenting holistic perspectives.
Individualized and Supportive Leadership	Paying individualized and personal attention to the members' needs, treating them individually through frequent contacts, and communicating freely and generously.
Personalized Recognition	Recognizing and rewarding the hard work, and big and small achievements, particularly during practice sessions.
Demanding and Directive Behavior	Demanding and directing the athletes to persist and carry out the activities of the planned training regimen.
Promoting Self-Efficacy and Self-Esteem	Extolling the talents and skills of the athlete, expressing confidence in the athlete's capacity to achieve excellence, and encouraging toward even greater efforts.
Emphasis on Winning	Emphasizing winning in contests as such victories define excellence.
Cultivating self-interest	Encouraging athletes to seek the rewards of their own efforts for themselves while being governed by a moral code and a sense of justice to all including the opponents.
Instilling task- and Ego Orientation	Cultivating and reinforcing progressive improvements in personal performance, and focusing on performing better than others.
Intra-team Rivalry	Encourage every athlete to be better than their own teammates.
Training Behavior	Training in the technical aspects (i.e., in the skills and movement patterns, physical and psychological capabilities); cognitive aspects (i.e., the tactics and strategies); and the emotional aspects (i.e., recognizing, regulating and exploiting the emotions of self and opponents.

From Chelladurai, P. (2007). Leadership in sports. In G. Tenenbaum & R. C. Eklund (Eds.), Handbook of sport psychology (3rd edition, pp. 113–135). New York, NY: John Wiley.

Haggerty, 1989; Chelladurai & Quek, 1995) as *hard leadership*. The leader behaviors said to be associated with hard leadership are shown in Table 1. In contrast, I labeled the autonomy-supportive leadership advanced by Amorose and associates (Amorose& Horn, 2000, 2001; Amorose & Anderson-Butcher, 2007) and Vallerand and associates (Mageau & Vallerand, 2003; Vallerand, 2007) and the creation and fostering of a task-involved climate (Duda & Hall, 2001) as *soft leadership*. My argument is that both approaches are legitimate and functional if they are applied to specific purposes of participation in sport (Chelladurai, 2007).

Play versus Practice: Hard or Soft Leadership?

Similar to Keating's (1964) distinction between sport (i.e., pursuit of pleasure) and athletics (i.e., pursuit of excellence), Côté and his colleagues contrasted between *deliberate play* and *deliberate practice* (Côté, 1999; Côté, Baker, & Abernethy, 2003; Côté, Baker, & Abernethy, 2007). *Practice* refers to "organized activities in which the principal focus is on skill development and performance enhancement," and *play* refers to "activities undertaken primarily for intrinsic enjoyment but that may nevertheless ultimately contribute to the acquisition of expertise" (p. 184). While deliberate play is enjoyable, done for its own sake, flexible, and occurs in various settings, deliberate practice is a serious and not so enjoyable activity carried out to achieve the future goal of excellence carried out under adult supervision (Côté et al., 2007). Côté (1999) also noted that individuals transition from deliberate play to deliberate practice in three stages: the *sampling years* (trying out various sports as deliberate play), the *specializing years* (becoming more interested and specializing in fewer sports), and the *investment years* (deliberate practice is undertaken to excel in that activity. I suggest that deliberate play or pursuit of pleasure is greatly facilitated by soft leadership (i.e., autonomy-supportive leadership) while deliberate practice or pursuit of excellence calls for a more demanding and commanding type of leadership in order to help the individual continue to engage in increasingly painful and boring work in rigorously planned and deliberate practice. In other words, the coach/leader becomes progressively more authoritative/autocratic as the players move from sampling years to investment years (i.e., from pursuit of pleasure to pursuit of excellence).

The contrast between soft and hard leadership does not imply an either/or situation. In fact, the autonomy-supportive leadership is the foundation of pursuit of excellence. As pursuit of excellence follows the sampling years where the individual should have ample freedom to test oneself in various sports and choose one or more of those activities for further investments, autonomy-supportive leadership would be most appropriate during the sampling years. As the individual moves on to pursuit of excellence in a given activity, then the coach takes on a more aggressive approach and be more demanding and commanding. Further, the extent to which the coach who facilitates the pursuit of excellence can support autonomy is largely dependent on both the type of individual and the type of sport. There are those who are highly motivated and disciplined and would engage in deliberate practice on their own without the influence of another. For example, Roger Federer, who won many tennis championships, did not have a coach in his early years. As for the type of sport, a coach can adopt the soft leadership in individual sports. The necessity for hard leadership (i.e., authoritative and autocratic) arises only in the case of teams sports where the divergent skills, orientations, and self-interests of members of the team have to be brought into the most effective alignment to successfully compete against the other teams.

It also needs to be emphasized that neither of the leadership styles would be totally absent in either pursuit of pleasure (deliberate play) or pursuit of excellence (deliberate practice). In pursuit of pleasure or deliberate play, the leaders may exhibit some demanding/commanding behaviors. On the other hand, the leaders in pursuit of excellence may exhibit some form of autonomy support in specific instances and specific individuals. For instance, National Basketball Association coach Greg Popovich, (i.e., of the San Antonio Spurs) said the following when asked about his relationship with the Argentine star Manu Ginobli:

> *Closing your mouth sometimes is better—letting that gifted player show you what he can do and how he can help your team win. There's times I learned not to speak [if there was] a defensive play he wanted to make to get a steal or whatever, because he does things that wins games. He taught me to watch him a bit more and not be so micromanagement. I don't know if that took six months or 2 1/2 years, but that was the process. He plays a whole lot better without me nagging him—which has been proven. (Ebner, 2014)*

It must be noted, however, that although Popovich allows considerable freedom to Ginobli on what he does when he is on the court, it is the coach who decides when Ginobli will be on court and for how long. In that sense he has absolute control. Figure 1 illustrates the idea that both forms of leadership will be present in both pursuit of pleasure and pursuit of excellence. As shown in the figure, the commanding and demanding leader behaviors will increase as the participant moves from pursuit of pleasure (i.e., deliberate play) toward pursuit of excellence (i.e., deliberate practice). The substantive thrust of the figure is that either form of leadership can be effective if it matches the purpose of sport participation.

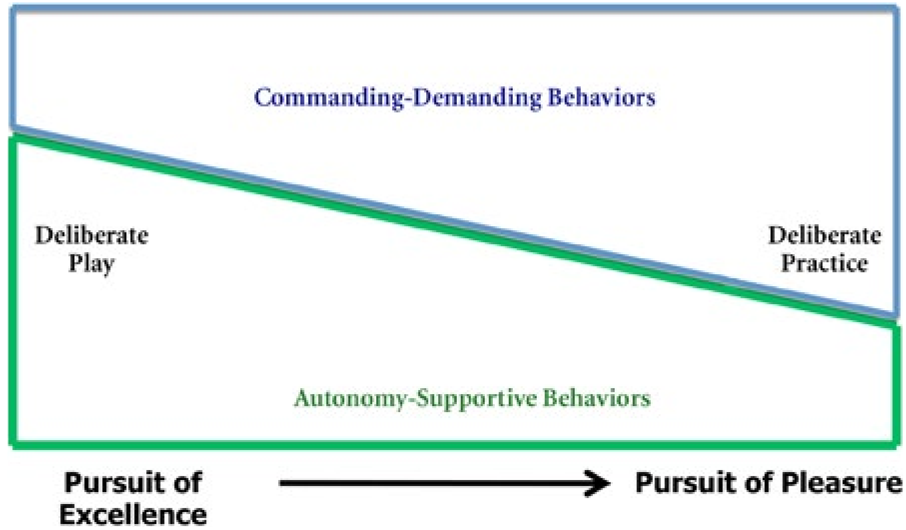

Figure 1. Leader behaviors in pursuit of pleasure and pursuit of excellence.

Personal Mannerisms and Decision Styles

It is not uncommon for some people to equate a coach's mannerisms with that person's style of decision making. A coach with pleasant mannerisms could be as autocratic as any other coach on making decisions regarding the choice of players and their deployment. For example, legendary UCLA men's basketball coach John Wooden was known for his pleasant and cordial manners towards his players and fans. But he was also quite authoritarian in and out of practice, making all his players drill frequently and cut their hair to his specifications (Seifried, 2012).

Conclusion

In sum, I argue and believe that autocracy in coaching a team in team sports is functional in forging a high performance group of self-interested individuals competing with each other and at the same time collaborating with each other with a view to defeat the opponents and, thus, reap and enjoy collectively the rewards of victory. Good coaches recognize that they are given so much authority in deciding on the overall make-up of the team (i.e., constructing a coalition of maximum resources), the strategies to be employed, and the personnel to be deployed to carry out a given strategy. In other words, the coach is given complete control of the team. And Sir Alex Ferguson's point was that the coach should never cede that control. Even as the coach is given the control and authority, he or she is also burdened with equally weighty responsibilities. First, the coach is expected to possess the expertise to make wise decisions in those regards. Second, the coach needs to be honest and sincere and devoid of any personal preferences for players. More specifically, the coach has to honestly gauge the performance capabilities of the players at his disposal and how those capabilities fit into the selected strategies. He or she has to recognize that the players are also astute students of the sport and are well aware of all the intricacies of the sport. They are all also good judges of the performance capabilities of their teammates. Thus, their respect for their coaches and obedience to their orders is predicated on the fact that they accept the coach's choice of strategies and that the deployment of resources are legitimate and optimal. Consider the case of the San Antonio Spurs basketball team, which consists of outstanding stalwarts of the game and excellent young stars. All of them respect their coach and accept his decisions without any reservations because of the faith in their coach and conviction that he chooses the best strategies and deploys the best players to carry out those strategies. Finally, autocracy bestowed on the coach does not prevent him or her from being concerned with the welfare of athletes and their progress in their careers. That is, a coach needs to be an autocrat but the person can be and should be a *benevolent autocrat.*

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Viable Uses of Sports Betting Data to Sports Industry Managers

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It is easy to find betting market information about upcoming sporting events. Point spreads, totals, and odds appear on websites, television, and newspapers, even though in most places in the United States placing wagers on these events is illegal. Although these numbers seem to be most important to bettors (legally or illegally), there seems to be some inherent value in having these pieces of information available to the general public and as entertainment tools.

On the surface, it might appear that knowledge of betting markets may be of little use to sport and entertainment industry professionals, other than those who directly work for sports books in Las Vegas. What needs to be remembered, however, is that sports betting is an entertainment marketplace. In an entertainment market, prices are formed and these prices provide valuable information to prompt discussion and debate. For instance, the amazing attribute of sports betting markets is that they provide a forecast of different aspects of a game, such as which team is expected to win, the anticipated margin of victory, and the number of points likely to be scored in a game. These entertainment-related forecasts are generated in advance of the game and, if accurate, can provide managers in sports-related industries with information that could be helpful in making better decisions, maximizing their company revenues, and/or reducing business costs. Further, this information can provide a framework for entertainment executives to entertain fans on radio, television, and other media venues. This article provides a background on the formation and uses of market prices in sports betting we have been involved with and provides examples of their use outside of the gambling environment.

To discuss this topic, we take a look at our previous work and the path of describing the efficient markets hypothesis in a sports betting framework, explain some common behavior-

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al biases in the market, and provide direct examples of how betting market data can be used in forecasting attendance and related revenues, its key role in understanding television ratings, and other potentially useful applications. We then offer some conclusions and hopes for future research and uses in this area of study.

What Market Efficiency Means in Sports Gambling Markets

Academic studies of sports wagering markets are easily justified in the sports finance and economics realm through the direct study of the efficient markets hypothesis. The efficient markets hypothesis states that all available information about an asset will be incorporated into its current price. Therefore, the price will provide an optimal and unbiased forecast of the future events, such as the price of the asset in the future, or in terms of sports contests, the outcome of the game. In terms of profitable investing or wagering strategies, market efficiency implies that basic strategies will not earn excess returns for investors or bettors.

Sports gambling studies were beneficial in the study of the efficient markets hypothesis due to the simple nature of the wagering market and the availability of data. Until recent technological innovation, it was difficult and/or costly to undertake studies of the efficient markets hypothesis for stock, bond, or related financial markets. Studying sports betting data, however, allowed for a simple and direct test of the efficient markets hypothesis and provided an important and meaningful dialogue in the economics and finance literature on this topic.

Academic sports betting market studies date back to Pankoff (1968), but the direct study of the efficient markets hypothesis in this environment was introduced by Zuber and colleagues (1985). He and his colleagues tested the NFL betting market on a week-to-week basis and found a rejection of the efficient markets hypothesis. This was big news, as efficient markets were generally assumed in financial settings and their findings suggested that the betting market was inefficient. In response to this study, Sauer and colleagues (1988) aggregated the data used by Zuber and his colleagues (1985) and found that the efficient markets hypothesis could not be rejected, when sufficient data was used to test the null hypothesis. Furthermore, using statistical data of offensive and defensive performances of teams, they showed that the price in the NFL betting market (point spread) incorporated all of the relevant team information and provided an unbiased forecast of game outcomes as an entertainment product. Academically, this was important to re-establishing the relevance of the assumption of efficient markets used in the finance literature and all of the above references greatly influenced our future collective work on sports betting markets.

From a more general standpoint, the findings of market efficiency in the sports betting market established the prices formed in these markets (point spreads, odds, totals [over/unders]) and offer an unbiased forecast of game outcomes before the games are actually played. This is quite useful in many settings as consumer choices are made in advance when it comes to purchasing tickets to games, deciding to watch a game on television, or engaging in other entertainment options. If efficient, we believe these markets provide managers with information that may be quite helpful when it comes to decisions of prices, advertising, promotion, etc.

Although Sauer and colleagues (1988) found market efficiency overall in sports betting markets, which continued with other studies that also found general market efficiency, certain subsets of data were found to reject market efficiency. This is where much of our own research was focused in the early 2000s. Within, we found that when betting on teams against the point spread or on odds wagers (the "sides" betting market), point spreads and odds were set too high on the biggest favorites (leading big underdogs to perform well in these financial markets). Big underdogs were shown to win more often than they should under the assumption of market efficiency in college football (Paul, Weinbach, & Weinbach, 2003) with similar findings in the academic literature for other sports. We also found that the highest totals in the over/under betting market (wagering on how many points would be scored in a game) were set too high, leading to rejections of market efficiency and findings of profitability for bettors of the "under." This was first shown for the NFL (Paul & Weinbach, 2002) and other academic studies on the NFL and other sports showed similar results.

We suggest possible rationales for these findings were due to betting limits placed on informed bettors (restrictions on how much certain people could bet—the practice of "booking to face" by sports books) or lack of information in the marketplace. We also noted that the assumption traditionally used in studying the efficient markets hypothesis in a sports gambling setting, the balanced book hypothesis, may not be valid. The balanced book hypothesis states that the sports book will set prices (point spreads, odds, totals, etc.) to attract equal dollars bet on each side of the wagering proposition. Prices are then assumed to move based upon betting imbalances, to ultimately achieve equal betting on each side and offer the sports book a riskless return due to the commission charged on bets (typically a bet $11 to win $10 rule). Directly testing the hypothesis was not possible at that point, however, as the data was simply not available.

The data availability issue did change, however, as the balanced book hypothesis was first directly tested by Levitt (2004) using a betting tournament in the NFL. He found that the balanced book could be rejected as bettors preferred to wager on favorites (particularly road favorites). The betting tournament did not have the typical marginal incentives and costs associated with a regular betting market, however, so more direct tests of sports book manager behavior were needed. This data also eventually became public through websites such as www.sportsbook.com and www.sportsinsights.com. We used data from these websites, which tracked actual behavior of sports books, to show that the balanced book could soundly be rejected. Bettors preferred favorites (increasing the percentage bet on the favorite as the point spread/odds on the game rose), road favorites (even higher percentages bet on the favorites seen for these games), and the over in the totals market (also having higher percentages bet on this proposition as the total increased). This was shown for the NFL in our work (i.e., Paul & Weinbach, 2008) and was found to be consistent across other sports studied in the literature.

Although these findings rejected the balanced book hypothesis, general findings of market efficiency within sports betting markets remained unchanged. This result implies that the sports book sets a forecast of game outcomes, despite clear and easily predictable biases on the part of bettors. Although this might hurt the academic pursuit of testing the role of market participants in generating efficient prices, it does add help in shedding insight into bettors as fans and consumers of entertainment. If bettor preferences are similar to fan preferences, biases on the part of bettors could imply strong desires and preferences on the part of sports fans as consumers, which is useful on a variety of fronts.

Betting Market Prices, Attendance, and Television Ratings

The importance of competitive balance and uncertainty of outcome in determining attendance at sporting events dates back to Rottenberg (1956) and have been studied on many fronts in the sport economics literature. The idea behind the concept is that having a more competitive league and generating expected close contests will be more favorably viewed by fans, leading them to buy more tickets to games. Although the concepts of competitive balance and uncertainty of outcome are closely related, they do have distinct meanings and computations.

Competitive balance is measured after games are played and is typically calculated through some variation of the standard deviation of win percentages of teams in a league. A lower standard deviation implies more competitive balance as teams are more tightly grouped around a 0.500 record. Uncertainty of outcome, on the other hand, is a forward-looking measurement, which reveals how close a given game is expected to be. This is where the gambling markets are quite useful, as the best measure of uncertainty of outcome are point spreads and odds, given that they are unbiased forecasts of future events (supported by findings of market efficiency). Although competitive balance is quite useful in looking back and making comparisons across time, uncertainty of outcome may be potentially more beneficial to sport and entertainment managers as these estimates are known before a game is played and move in real time, adjusting for new information (injuries, suspensions, weather, etc.).

The role that betting market prices, representing uncertainty of outcome, play in the determination of attendance has tended to vary based upon sport and time frame studied. In North America, support of the uncertainty of outcome hypothesis, where higher betting market odds on the favorite lead to fewer fans in attendance, has been found in the NFL (Welki & Zlatoper, 1999) and in Major League Baseball (Knowles et al., 1992; Rascher, 1999). The opposite result was found in more recent years in baseball (Lemke, 2010), as this study found that bigger home favorites led to more fans in attendance. Similar findings have been found in college basketball (Humphreys et al., 2013) and college football (Paul et al., 2012). In the college football study, we (i.e., Paul et al., 2012) found that in the smaller of the FBS (top level) school conferences, bigger point spreads on the home team and the away team both led to more fans in attendance. At these colleges, fans appeared to be more likely to attend either when their home team was more certain to win the game or were playing a dominant opponent, where their team had a low likelihood to win the game (likely due to desires to see a great opponent and the possible historical significance of a huge upset win).

Studies of sports attendance in Europe and other areas outside of North America have also revealed conflicting results. In soccer, fans were shown to prefer uncertainty of outcome (estimated by betting market odds) in England (Peel & Thomas, 1988; Peel & Thomas, 1992; Forrest & Simmons, 2002), but no effect of betting market odds was found in studies of Scottish (Peel & Thomas, 1996) or Spanish (Buraimo & Simmons, 2009) soccer. Published articles on rugby attendance found support for the uncertainty of outcome hypothesis in studies by Peel and Thomas (1996) and Carmichael and colleagues (1999), while Owen and Weatherston (2004) found no relationship between attendance and market odds in rugby's Super 12 tournament. Like some of the studies mentioned above in relation to North American sports, Morley and Thomas (2007) found that fans of cricket prefer more certainty of outcome in matches, as bigger favorites attracted larger audiences.

It can be seen from the attendance studies performed, that the role of betting market odds in the determination of attendance varies, but understanding the role it plays for an individual sport may be greatly beneficial to management of a sports team or league. If known, however, the advanced formation of betting market odds allows the manager insight into expectations of ticket sales as consumers respond to their expectations about the game. These market odds can be used to judge, in advance, qualities of individual games such as the popularity of the opponent and/or the effect of injuries and suspensions against other entertainment options. Knowledge of these factors are important in setting prices under variable pricing (setting different ticket prices for different games in advance) to know which games to charge premiums or set discounts. For teams that use dynamic pricing (prices fluctuate over time for a given game) or evaluate their secondary market prices (such as on Stubhub), the point spread or odds on a game might be very helpful in explaining differences in prices seen from game to game. Knowledge of how popular a game is likely to be may also help on the cost-side of the business, as knowing the expected attendance based upon market odds may help make sound decisions when choosing the necessary number of parking attendants, security staff, ticket window workers, etc. We also feel using this information to allocate the workforce properly is likely to reduce costs, improve customer relations, and make game day more efficient.

Another situation where the use of betting market data as a measure of uncertainty of outcome and expected scoring is useful is in understanding differences in television ratings. The markets for television ratings and attendance obviously have similarities, as sports fans are participating in each marketplace, but the differences are what make the study of uncertainty of outcome important. In terms of attending a sporting event, there is not much in terms of a substitution effect while the game is in progress. Fans either continue to watch the game or leave the stadium to do something else. Given that being at the stadium is at least partially about the experience of live sports action in person and enjoying the company of other fans and the surroundings, we would not expect quick exits, unless the game becomes lopsided or boring, or severe weather at an outdoor sporting event creates an uncomfortable environment for the fans. In relation to fans watching sports on television, however, plenty of substitutes compete for the time of fans. In many cases other sporting events, even of the same sport, are available for viewing at the same time as the game of interest. In addition, there are a multitude of other entertainment substitutes including television shows, movies, video games, music, outdoor activities, etc. The decision to watch and continue to tune into a game likely depends upon how competitive and interesting the game is anticipated to be and how it actually progresses.

In our work (i.e., Paul & Weinbach, 2007), Nielsen ratings for Monday Night Football (NFL) were studied, focusing on the role of team quality and scoring. For start-of-game ratings, it was found that higher quality match-ups and higher expected scoring played an important (statistically significant) role in explaining the ratings. The better the quality the teams and the higher the expected scoring, the higher the ratings. In the same study, it was shown that for ratings at halftime, the score differential and actual number of points were key for fans staying tuned to the game, rather than turning it off at that point. In short, market expectations based upon prices formed in the wagering market are quite useful in understanding television demand of fans. Similar findings about the NFL were found in a more recent study by Tainsky and McEvoy (2012).

These results have also been shown for other sports. Buraimo and Simmons (2009) found that betting market odds influence television viewership for Spanish Primera soccer with more uncertainty of outcome leading to higher ratings. Similar findings were also shown for the English Premier league (Forrest et al., 2005) and across different soccer leagues in Europe (Alavy et al., 2010). Uncertainty of outcome was also shown to influence television viewership for NASCAR (Berkowitz et al., 2011).

The more consistent findings in relation to television demand, as opposed to the mixed evidence in attendance demand, likely stems for the degree of substitutability of other forms of entertainment for watching the sporting event in question. Keeping fans interested through close and exciting contests is important to the television audience as many easy and desirable alternatives exist. These issues are important for the decision of fans to purchase tickets and attend a game, but it is likely they are less sensitive to in-game factors once they arrive, compared to television. Knowing how a game is likely to play out, given the prices formed in betting markets, can be very helpful to sports teams, leagues, and television networks. Betting market prices can help networks decide which games to air in a particular television market. It can help forecast ratings in advance, allowing for a clearer decision on how much promotion a particular telecast needs to generate desired ratings. Knowledge of betting market information is also useful to advertisers themselves, who gain insight from this data as to where their advertising dollars may be best spent.

Other Uses of Betting Market Data in Sport Organizations

Although paid attendance and television viewership are very important to sport organizations, traffic on their Internet sites are also of consequence. Having prior knowledge of interest in a game due to point spreads, odds, and totals may help explain game-to-game interest in team and league website activity. Paul and colleagues (2011, 2012) showed that fan interest in NFL.com differs based upon key betting market variables. The number of website views on NFL.com can be forecasted in advance based upon measures of uncertainty of outcome and expected scoring. In addition, when the NFL asks for input from fans on its website on the quality of individual games, actual outcomes compared to expectations (measured by betting market data) played an important and predictable role in measures of fan satisfaction.

Another instance where betting market prices can be of use to the sports industry is in terms of player evaluation. In recent work we presented at the MIT/Sloan Sports Analytics conference (i.e., Paul et al., 2014), pitcher performance under different atmospheric conditions was analyzed. To properly infer the weather effects, a baseline for performance was needed. The odds on individual pitcher matchups served as this baseline and allowed for a comparison of how a pitcher was expected to perform compared to how he actually performed. Another example along similar lines was a study of run scoring in baseball under different situations of altitude, humidity, temperature, etc. where it was found that weather conditions led to more or fewer runs scored compared to market expectations (betting market totals), which account for the quality of teams and pitchers in the contest (Paul & Weinbach, 2014).

Betting market prices are also helpful in explaining outcomes related to the top level of collegiate sports. In both NCAA football and basketball, rankings play an important role in which teams get to have the opportunity to compete for championships. In football, this was previously organized as the BCS system and now has been updated to a four-team playoff. In basketball, polls help to determine which teams earn bids to the lucrative and exciting NCAA basketball tournament.

In relation to college football, we also showed that voters respond to team performance compared to expectations, with expectations being point spreads formed in the betting market (Paul et al., 2007). Teams that won by more than the point spread saw vote increases, while those that disappointed compared to expectations saw their vote totals decrease. Therefore, being impressive in victories does play an important role in how voters view and rank teams. In college basketball, in response to statements that selections to the NCAA basketball tournament are biased toward the top conferences and those with representation on the selection committee, Paul and Wilson (2015) showed that when accounting for team quality (based on measures that incorporate betting market prices) these claims are unfounded.

Conclusions

Although gambling markets are controversial and are often avoided by those who work in the sports industry, the prices formed in these markets can be helpful in various sports business applications. Since point spreads, odds, and totals are formed in a market environment, these prices will provide information. Given academic findings of market efficiency, it is reasonable to assume that prices formed in betting markets provide an unbiased forecast of game outcomes. Given that consumer decisions are made in advance of the game itself against other entertainment options, having knowledge about the likely outcome and key attributes of a game can provide valuable information to those working in the sports industry.

In this paper, we reviewed our work and others to describe the background of how the betting market works and gave a justification for why the prices formed in this market will be informative. Given that information, we illustrated examples of where these prices can be helpful in raising revenue, controlling costs, or both. Betting market prices help to forecast attendance and television ratings. This information is beneficial to those that manage the team, as it may help with pricing of tickets and controlling of costs in the stadium, depending upon expected attendance. In relation to television ratings, gambling market prices may help to select games to be telecast, provide a useful forecast of ratings to help decide on where and how much to promote a given telecast, and may also help advertisers choose where to place their product. Other examples of markets where uses of betting market prices were helpful in better understanding markets were also shown, in particular in relation to forecasting website activity, helping with player evaluation, and understanding voting in college sports polls.

We believe that these studies may just scratch the surface of the possibilities of betting market prices improving sports business forecasts and success. Advanced knowledge of game attributes may help with merchandise sales or help appropriately time marketing strategies based upon particular players or teams. At the stadium itself, betting market prices may provide additional information to help forecast concession sales and parking and may even lead to more differentiated and profitable pricing strategies for these revenue streams. Although the betting market itself may be problematic or controversial due to its legality varying from place-to-place, the prices formed in these markets and the insight we can gain from them should be welcomed and applied in different ways to increase the viability and profitability of different facets of the sports industry.

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Spectators' Experiences at the Sport and Entertainment Facility: The Key for Increasing Attendance Over the Season

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Attending live sporting events is a popular leisure and entertainment activity in contemporary European societies, none more important than football (the sport Americans refer to as soccer). For example, according to Deloitte's (2014) annual report about the football industry, the top 20 European clubs generated combined revenues of over €5.4 billion in 2012-13, including almost €1.2 billion in gate receipts. However, due to myriad aspects such as the difficult economic environment in many countries, the increased competition of other leisure/entertainment activities, the importance of selling broadcasting rights, and the development of new technologies, clubs now face the challenge of retaining and even increasing this high demand. In this sense, clubs need to look for the games as regular opportunities to strengthen the link with current and prospective spectators by providing memorable consumption and/or entertainment experiences that include more than just the competition between two teams on the field, court, ice, track, or better yet, the stage.

Achieving high attendance levels on a regular basis is vital for sport clubs due to the direct impact on ticket sales and other match-day revenues such as parking, food and beverages, merchandise, and souvenirs. Furthermore, it should be noted that a full stadium or arena is a strong attraction for other potential attendees, because the event increases its social relevance and people want to experience the exhilarating atmosphere inside the stadium. To illustrate this, Sporting Lisbon recently launched a campaign to bring more spectators to the stadium in which the club's president invites everybody to go to the stadium and be the "twelfth player" of the team. He urged the fans to remember that the team counts on their interaction to put Sporting Lisbon in the place it deserves (Sporting, 2013). This is a direct reference of the importance that spectators may have on the core product (e.g., cheering, whistling, motivating, etc.) regarding the

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team's performance. Moreover, spectators may directly or indirectly affect the sales and the interest of media and sponsors (Theysohn, Hinz, Nosworthy, & Kirchner, 2009). Specifically, through an increase in spectators' attendance levels, clubs tend to become more attractive to the sponsoring brands because sponsors want to expose their products to a great amount of potential consumers in a highly emotional environment.

Sport marketing researchers have launched numerous new ideas to aid practitioners at increasing attendance levels. A substantial number of studies conducted by scholars such as Jeffrey James (Florida State University), Galen Trail (Seattle University), Daniel Funk (Temple University), James Zhang (University of Georgia), Stephen Ross (University of Minnesota), Bob Heere (University of South Carolina), Masayuki Yoshida (Biwako Seiki Sport College, Japan), Dae Hee Kwak (University of Michigan), and Nicholas Theodorakis (Aristotle University of Thessaloniki, Greece), among others, contributed to understanding how spectators' experiences at the stadium are important to strengthen their positive intentions to attend and recommend future games, and thus contributing to the clubs' financial sustainability. With that in mind, I am proposing a set of strategies to aid managers with increasing the attendance at their respective sport and entertainment venues, by linking anecdotal evidence with findings from past research conducted by my colleagues and I in the sport environment. While this study is mainly directed towards managers working for sport clubs, it may also provide guidance to managers working in other entertainment industries. The section below identifies several strategies evolving from my work that I believe help increase stadium attendance as a method to enhance organizational success.

Strategies to Increase Stadium Attendance

Yoshida, James, and Cronin (2013) mentioned that a good impression caused by a sporting event can determine a spectator's intention to continue supporting the team in the future and this finding fits very well with my first experiences as a researcher. As a doctoral student at the University of Lisbon, I had the opportunity to work with the most popular Portuguese sports website named "A Bola." A Bola is the national leader in terms of page views and visitors since 2010 (Meios e Publicidade, 2014). Additionally, I was able to work with "SL Benfica," which was already acknowledged as the club with the largest number of paid members in the World (Guinness World Records, 2007). In preparing some of the studies, my colleagues and I conducted many interviews with fans and we frequently heard that being at the stadium supporting the team was probably the most relevant moment of the week. Interestingly, even though fans commonly pointed out the game result as an important aspect of the event, the team's victory was far from being the only important aspect mentioned and it was rarely the most salient thought they had about the experience at the stadium. The subsequent empirical studies we conducted, as well as a number of studies focused on spectators' experiences at the stadium, provide important support for those initial interviews with Portuguese fans. On the basis of previous research, I believe there are at least seven measures that sport and entertainment entities could implement in order to increase spectators' behavioral intentions.

Measures to Adopt by Sport Clubs

1. Make sure fans believe players honor the team's jersey through their performance
2. Maintain high standards of functional quality
3. Create an aesthetic pleasing atmosphere
4. Trigger positive emotions within attendees
5. Help supporters to create favorable team brand associations
6. Work with sponsors to attract spectators and maintain attendance
7. Develop membership programs

1. Make sure fans believe players honor the team's jersey through their performance

The outcome of a game is always unpredictable and not under the control of sport managers. We all recognize that having good training facilities, hiring the best players, selecting appropriate training methods, and having great game plans are important aspects to increase the team's ability to succeed. Still, the final game result is always uncertain, and there is nothing one can do to create a standard performance of the team and its opponents. It is virtually impossible to know for sure if a player will dribble toward the opponent and escape to its right or its left, or even if he/she will score a goal next game. In the same vein, who would imagine, for example, Bayern Munich to be defeated 4-0 by Real Madrid in the Champions league semifinals of 2013-2014, after they seemingly dominated European football in the year and a half leading up to that game?

It is common to listen to coaches during the press conferences saying they cannot promise a victory, but their players will fight with all their strength to do it. In fact, the role of players' effort in the field was empirically supported in a study I published with my colleagues using a sample of 1,355 consumers from the Portuguese top professional football league (Biscaia, Correia, Yoshida, Rosado, & Marôco, 2013). The aspect with the strongest impact on spectators' intentions to keep attending games and recommend them to others was related with player effort, and it was measured based on their opinion about the three following questions: "My team gives 100% every game," "My team plays hard all the time," and

"Players on my team always try to do their best." The implication of this finding is that spectators tend to keep supporting the team if they feel that the players do their best to honor the team's jersey, which highlights how important the player commitment is with the club. As coach José Mourinho said after a triumph against Barcelona at Camp Nou, players are always rewarded when they leave their blood on the field ("Mourinho relishes," 2010). Two recent European games are good examples of how spectators value the players' efforts. During the first round of the 2013-2014 Champions League, SL Benfica lost against Zenit St. Petersburgh. Still, at the end of the game, SL Benfica fans in the stadium strongly applauded the team because they felt the players had worked hard and honored the team's jersey (Sapo Desporto, 2014). The same happened when Sporting Lisbon played home and lost against Chelsea FC. This loss occurred after a period of four years without losing home games for the European competitions. Still, fans showed their pride of the team at the end of the game with supportive chants, and the stadium was full in the next game played at the home (Record, 2014). Based on both anecdotal evidence and past research, one could say that when athletes and other entertainment performers on stage do their best effort, the return on the spectator's investment (i.e., time and money for attending the event) tends to increase, leading him/her to keep supporting the organization over time. That is, regardless of the entertainment option, the act, or event booked in the facility, attendees want to see the performers' best effort when assuming their roles.

2. Maintain high standards of functional quality

While the core product of sporting events (i.e., the game itself) is uncertain, there are many other aspects related with the experience at the stadium that can be managed by clubs for increasing attendance levels. People tend to select events that are perceived as having good quality and allow them to spend an enjoyable time. Based on this idea, several studies have been developed to measure consumers' perceptions of service quality in sporting events. As noted by Yoshida and James (2011), the functional and aesthetic dimensions of the service are vital when spectators evaluate their experiences at the stadium.

Functional quality is related to spectators' perceptions of their interactions with the frontline employees (i.e., ticket sellers, merchandisers, ushers, or customer representatives) and the service environment (e.g., seat comfort and visibility, facility layout, security, and accessibility), and ensuring a good functional quality should be a prerequisite for all clubs. That is, a good perception of the functional quality may not necessarily represent a spectator's motivation to attend the team's next game; however, a negative perception of these aspects will probably contribute for keeping him/her away from the stadium. In marketing we refer to these as the hygiene factors—they are the opposite of motivators to attend, and are the reasons we have for not attending an event. Aware of the importance of these aspects, SL Benfica and my research group developed a partnership to measure some functional aspects of the service during game days. During the 2013-14 season, a group of 20 students and two coordinators were regularly present in the home games to fill an inventory with questions that were cooperatively created by the club and the research group, to take photos, and to record images and sounds. This strategy allowed, for example, to identify the need to replace carpets, garbage containers, vending machines, signals, and lights in different areas of the stadium, as well as to clean some walls and improve the efficiency of the cleaning process in some restrooms. While these might not be the most glamorous strategies an organization can come up with, they are truly important for the perception that the consumers have of your brand.

The club has been working on a variety of other measures over the last years to improve functional quality following the model presented by other sport organizations around the world. I believe two of these measures are interesting to report, and possible to apply in different entertainment settings. Recently, a specific area in the stands of the stadium was created with discounted tickets designated to families. This area includes a small playground and employees to help entertain kids, among other amenities. The idea is to bring more families to the stadium and to show that attending a game or show does not mean leaving the family and incurring other supplementary costs. The second measure is related to establishing a shuttle service for fans that live outside the city where the stadium or entertainment venue is located. In this example, supporters can take a shuttle in the city surroundings (specific meeting points and times defined by the club), and the service includes the travel from the meeting point to the stadium and the way back after the game. This allows potential spectators to avoid problems with traffic and parking, among other monetary and non-monetary costs.

3. Create an aesthetic pleasing atmosphere

Based on the work of Yoshida and James (2011), the aesthetic quality refers to spectators' perceptions of the visually pleasing features of the service environment and ancillary products (i.e., facility design, memorabilia and giveaways, atmosphere created by the supporters, and the sport organization and promoters). In the study that I mentioned above with consumers from the Portuguese top professional football league (Biscaia et al., 2013), the game atmosphere and the excitement generated by the crowd energy were important factors to increase spectators' satisfaction and their intentions to attend future games. The implications of these findings are that clubs should create a unique game atmosphere that helps attracting fans to the stadium. This could be achieved, for example, by offering giveaways with the team colors, displaying the club's anthem every game, and encouraging spectators to sing, and organizing thematic events related with the club's history before the game and at halftime. A good example of an action that aids to create a unique atmosphere in the stadium is the show of SL Benfica's mascot. The mascot of the club is a real eagle called "Vitória" (Victory), and prior to each home fixture, Vitória flies around the stadium before landing on a perch in the middle of the field bearing the club crest. The legend has it the flight will bring luck to the home side and the tradition is an awe-inspiring sight for both home and away fans alike. Seeing the eagle in flight and landing in the club crest is always a special moment for team fans and many of them even cry during the show, while fans of the opposing teams typically applaud the eagle.

There are many other good examples of how to create an appealing atmosphere inside the arena. For example, when the All-Blacks perform the Haka (a war dance) before their games, it receives higher vocal support than anything else during the game and it is considered a highlight of any event in which the New Zealand rugby team is involved. In fact, it represents a distinctive aspect of all the New Zealand national sport teams as shown, for example, in the last 2014 FIBA Basketball World Cup with almost all spectators capturing these performances with their cameras and smartphones. Other entertainment industries also offer good examples of the role of an aesthetic pleasing atmosphere. For example, musical concerts often make use of pyrotechnics, smoke, confetti, and stages with distinctive themes related with the event, among other tactics, to create a unique experience for fans. Also, the organizers tend to capitalize further by selling merchandise to help the spectators bring home a memory of the event. No matter the entertainment setting, what is important is to develop an exciting and distinctive atmosphere since the beginning of the consumption experience that allows spectators to establish a connection with your brand.

4. Trigger positive emotions within attendees

Attending a live event can be a roller coaster in terms of emotions, and the stadium ambiance tends to trigger strong emotional reactions. Spectators tend to experience a vast array of pleasant (e.g., joy and excitement) and unpleasant emotions (e.g., anger and dejection), and these emotions often have an influence on their intentions to attend and/or recommend future games. This idea finds empirical support in a growing number of studies. In a study developed during my doctoral program (Biscaia, Correia, Rosado, Marôco, & Ross, 2012), we found that joy has a major impact at enhancing spectators' satisfaction and indirectly contributing to increase the intention to attend more games over the season. On the contrary, the sense of dejection showed a negative effect on spectators' behavioral intentions. These findings highlight the need for club managers to understand the stimuli causing different emotional reactions. While many of these emotions are match related, and thus not controllable by marketing managers, a better understanding of the full range of emotions that spectators display before, during, and after the game is important. For instance, what kind of music should a team play after a losing game? Could "Always look on the bright side" sung by Monty Python after a losing effort cheer up a crowd on their way out of the stadium, or would it anger them, because it might not take their emotions seriously?

Drawing on a perspective from environmental psychology, Koenigstorfer, Groeppel-Klein, and Kunkel (2010) maintained that there are three types of stimuli during a sporting event: organizer-induced (e.g., music, lighting, facility aesthetics, and other features of the atmosphere inside the stadium), spectator-induced (e.g., chanting, waving flags, or whistling) and game-induced (e.g., players' actions in the field). While the stimuli originating from the game are neither predictable nor under the club manager's control, the other two types may be subject to intervention by the clubs. For example, a study conducted by Kuenzel and Yassim (2007) showed that sharing the experience of the sporting event with others, as well as the energy generated by the noise of the crowd, were vital aspects to increase the levels of joy among spectators. These findings may aid to understand the impact of strategies commonly used in American arenas such as those contests between spectators—"Dancing Cams," "Kid Cams," "Baby Cams," or "Kiss Cams" (ABC, 2008). Complementarily, it is also interesting to look to these findings when we think in the organized squads of football fans in the stadium stands supporting their teams (known in Portugal as "claques"). Even knowing this is a controversial topic, I believe that claques are of pivotal importance for sport clubs in the sense these fans are natural (and non-paid) entertainers of the event. They support the team during all games and actively contribute to create a supportive ambience at the stadium with synchronized rituals, supportive chants, and many other activities intended to give a hand to the team. These activities often contribute to increase joy and excitement among the other spectators and to stimulate them at engaging in supportive chants, giving a sense of being co-producers of the event. The environment created by these organized squads is so exciting that several spectators say they have "chicken skin" when listening and participating in these synchronized activities.

The negative side of the coin is when these organized squads engage in episodes of violence with supporters of the opposing teams, or when they initiate negative chants towards the referees or opposing teams inside the facilities or in the surroundings. These actions sometimes trigger fear and dejection in other spectators, while also costing a lot for the clubs both in financial terms and image damage in the community. Within the limits of the possible and reasonable, clubs should work cooperatively with these squads in order to provide them with the conditions for being co-creators of the event, while at the same time discouraging negative behaviors and taking severe measures in case this happens.

5. Help supporters to create favorable team brand associations

Ross (2006) maintained that the actual spectator experience at the stadium is vital for developing team brand associations. According to Aaker's (1996) work, one can say that team brand associations are the thoughts that an individual holds in memory linked to his/her team. It is commonly accepted that favorable team brand associations are of pivotal importance, because it aids to dilute the effect of team success during the season and contribute to increased economic performance figures. Thus, understanding team brand associations should be a central aspect of every sport manager.

The study of team brand associations has been one of my main interests since I started conducting research. Drawing on the work conducted by Ross (2006), we developed an online study in partnership with the previously mentioned Portuguese sports website (Biscaia, Correia, Ross, Rosado, & Marôco, 2013a). The sample included fans from all the teams of the Portuguese top football league, with 10 team brand associations being identified as show in Table 1.

These set of team brand associations were shown to have a significant role at increasing spectators' positive reactions towards the club. That is, the more favorable these team brand association are, the more willing the supporters are to attend future games and recommend them to others. These findings highlight that the aspects directly related with the game itself are important (e.g., team success), but also provide useful insights for managing sport organizations without being dependent on the ups and downs of team success in the competitions. For example, the stadium tends to have a strong meaning for the supporters. The stadium of SL Benfica is called by the fans as the "cathedral," while Manchester United fans call their stadium the "theater of dreams." It means that clubs should have an appealing stadium exhibiting the colors, symbols, and other features that allow telling the team history and connecting with the attendees and other potential consumers. Also, the provision of opportunities for spectators to socialize in quality concession areas and through specific events before the game, as well the offer of rewards for spectators with continued regularity supporting the team, are just a few examples on how to instill favorable team brand associations and increase fans' intentions to attend games over time.

The set of mental associations held by supporters allows for the creation of the team brand image, which tends to affect the club's revenues through game attendance and other direct and indirect sources. For example, in the 2013-14 season, Manchester United finished in the lowest position ever since the start of the English Premier League. Still, their commercial growth was notorious. According to Deloitte (2015), the club's revenue was about €518 million, surpassed only by Real Madrid in all of Europe.

6. Work with sponsors to attract spectators and maintain attendance

A stadium full of spectators is of paramount importance for both the team and its associated sponsors. While the team obtains advantages related to the support of the "twelfth player" (i.e., incentives to the team players and pressure over the opposing team) and increased revenues (i.e., tickets, parking, food and beverages, merchandise), the sponsors have the possibility to exposure their products or services among a great number of potential consumers and create a link with these people. It means that clubs and sponsors should work cooperatively to create a win-win situation.

With this rationale in mind, we developed two studies in partnership with a Portuguese club to examine the importance of the link fans-team to the sponsoring brands. In both cases, data were collected through a mail survey designed by us and the club's marketing personnel, and that was sent to supporters randomly selected from the club's database (Biscaia, Correia, Ross, Rosado, & Marôco, 2013b; Biscaia, Correia, Ross, & Rosado, 2014). In one of the studies we fo-

Table 1. Team Brand Associations and its Meaning

Team Brand Association	Meaning
Brand Mark	Distinctiveness of the logo and colors
Concessions	Eating and consuming beverages in the stadium
Social Interaction	Opportunities to socialize with friends and others supporters
Commitment	Enduring support of the fans
Team History	The history of winning or behaving in a certain manner
Organizational Attributes	Attributes that characterize the organization as a whole
Team Success	Performance in competitions and quality of the players
Head Coach	Charisma of the person who is leading the team and his/her record of success
Management	Managers' ability to improve the team and other managerial aspects
Stadium	Characteristics of the arena where the team plays and that is called "home"

Adapted from Biscaia et al., 2013a

cused on examining the awareness of the different sponsors among supporters (i.e., ability to identify a brand as a team sponsor). The results showed that the majority of the supporters correctly identify the team sponsors, with the "top of mind" sponsors being those with the logo displayed on the team jersey. Complementarily, season tickets holders identified correctly a significantly higher number of team sponsors than the casual spectators. In the other study, we designed a model to understand the role of team loyalty (i.e., fans' actual behaviors and behavioral intentions towards the team) on the reactions to two actual sponsors of the team: sponsorship awareness, attitude towards the sponsors, and intentions to purchase their products. Of the various results obtained in the model, I would like to highlight that fans' behavioral intentions towards the team were positively related with their attitudes and intentions to purchase the products of both sponsors. That is, as the commitment with the team and the intentions to attend more games increases, so does the attitude about the sponsors and the intentions to buy their products.

Although some of the findings in these studies may not be "the discovery of gunpowder," there are important implications of these empirical analyses for both clubs and sponsors. For example, sponsors should work cooperatively with the clubs to attract supporters to the stadium in order to increase the exposure of the brands. To this respect, I recently had a visit from an American scholar, who went to a football game with me. It was his first live football game and he was very attentive to all of the details. After the game he told me he enjoyed the game itself and the environment created by the fans, but he was expecting much more from the club and the sponsors at halftime. In fact, while a good overall service quality during the events is now easily recognized as a vital aspect to increase attendance, there is still a lot to do in terms of creating good conditions for the sponsors to connect with spectators. A good example on how a club and a sponsor can work together is provided by a contest called "Super Bock Super Adeptos" (Marketeer, 2012) that was developed by Sporting Lisbon and Super Bock (a beer brand that sponsors the club). Based on a regulation that can be consulted on the club's official Facebook page, a total of 35 fans are eligible for a unique experience in the home games of the club. The experience starts with luxury transportation to the stadium. Then, when arriving to the stadium, these fans go the field before the game starts in order to have the opportunity to experience the sensations that players feel. Finally, they attend the game in one of the boxes of Super Bock that are especially designed for this purpose and includes LCDs exhibiting the highlights of the game and historical moments of the club, PlayStation games, "matraquilhos" (table football), free food and beer, and exclusive memorabilia allusive to the club and sponsor. Also, former players of the club are often present in this box, which provides these fans the opportunity to meet and interact with big names of the club's history while watching the game. This "journey" is designed to create unique and memorable experiences for fans and aid them in strengthening their link with both club and sponsor.

Other strategies may include providing discounts on products to those individuals who buy season tickets or engage in a club membership program. It means that season tickets or club membership cards could work as a voucher for sponsors' products. The same could happen in the opposite direction (i.e., an invoice of a sponsor's product working as a voucher for game tickets). As an example, SL Benfica and Repsol (fuel brand) have a partnership since 2005 that allows all fan club members to have a discount of 6 cents per liter when refueling the car in a Repsol station (SL Benfica, 2014). To get this and other discounts in products available at a Repsol station, an individual only needs to show his/her club membership card. While some of the strategies may be context-specific and/or dependent on the product category of the sponsor, the paramount idea to retain is that sport and entertainment entities should create an appropriate environment for sponsors to interact with spectators in order to reinforce the link spectators-sponsors, and thus, promoting benefits for both parties involved in the sponsorship deal.

7. Develop membership programs

An additional strategy I would like to highlight is related with the role of membership programs for sport clubs and entertainment acts. European football clubs often use membership programs to generate a stable source of revenue, and the status of being a club member goes far beyond the mere acquisition of a season ticket. While season ticket holders pay an amount of money to have access to all or the majority of a team's games, club members pay a monthly or annual fee to have a wide range of other benefits. A simple search on clubs' webpages reveals that these benefits may include discounted season tickets (and single tickets), discounts on team merchandise, free magazine subscriptions, access to exclusive team events, and voting rights for the election of the president and other board members. These benefits tend to create a sense of ownership among club members leading them to follow the team in a regular basis over time.

Membership programs in Portugal are seen by the clubs as paramount to create a bond with supporters. For example, FC Porto and SL Benfica are among the top 10 clubs in the world with the largest base of paid members (Futebol Marketing, 2012). With this in mind, my colleagues and I recently conducted a study to examine the role of club membership on fans' perceptions of the team brand (Biscaia, Ross, Yoshida, Correia, Rosado, & Marôco, in press). Through a sample of 2,287 fans from all the teams of the Portuguese top football league, we verified that fan club members have a better perception of team brand than non-members. In particular, I would like to highlight that fan club members showed a significantly stronger sense of social interaction during the games and internalization with the team (i.e., the extent an individual has incorporated the team into his/her personal identity). In addition, it is important to note that more than half of these fan club members were season ticket holders. These findings suggest that fan club members tend to develop a stronger connection with the team and represent important assets that managers should take into account. That is, from the club's perspective, fan club members are vital for supporting the team each week, funding daily operations, and increasing the appeal for sponsoring brands.

To illustrate the role of club memberships, the CEO of Carlton Football Club (Australia) wrote a letter during his first year in the club inviting all members to provide their feedback on what the club's priorities should be (CFC, 2014). He received more than 2,000 responses, and four ideas were consistent across the club members: better communication with fans about "the big issues," a strong desire to have a better sense of belonging, a better match-day experience, and (not surprisingly) to simply have success on the field. Also, many club members referred to the need to make the stadium feel more like home when it was a home game. Based on these suggestions, the CEO announced a number of actions to be developed by the club including improvements in the stadium with the intention to create a social club to call "home," the implementation of a pre-season game and family day, regular and tailored updates from the CEO (or on his behalf), and the creation of a regular and structured forum whereby members can have a meaningful say, among other measures.

While these examples are derived from the sport scenario, other entertainment industries may also benefit from real membership programs. For example, music bands, actors/actresses, and other entertainers often have fan clubs and several other fans following them through non-organized ways whenever they perform in a stage. Thus, sport and entertainment organizations or venues in general should look to these membership-based clubs to see in which ways some of these strategies could be beneficial in their specific environments.

Final Remarks

This list of measures proposed may serve as a checklist for managers working in sport and other entertainment environments. The ultimate goal is to identify the aspects valued by consumers in order to provide memorable experiences at the stadium, allowing them to reinforce their willingness to keep attending games over time. Nevertheless, the seven proposed measures should be considered in a holistic view. None of the measures should be worked in isolation, because every measure is interrelated with the other measures.

Sport and entertainment organizations should give particular attention in delivering good service quality and creating positive emotional environments, because these aspects tend to generate satisfactory experiences and increase spectators' behavioral intentions towards team games. A spectator's favorable behavioral intention towards team or available events is paramount to generate more income through ticket sales and associated spending. Also, sport and entertainment organizations or venues should create dynamic relationships with their sponsors that favor attendance levels in order to generate benefits for both parties. Also, sport and entertainment organizations or venues need to go beyond the status as mere "teams" or places and establish themselves as brands in their own right (e.g., The Cathedral, the Theatre of Dreams, etc.), similar to what a venue such as Madison Square Garden has done so successfully. Sport and entertainment organizations or venues should use the knowledge regarding consumers' experiences as a starting point to build a trustable brand. This will be important to generate additional revenues, and reduce the effect of team position in sporting leagues and other competitions, in particular to protect against competitors in the leisure industry. Complementarily, the creation of membership programs with exclusive benefits for its members may prove to be paramount to engage consumers with sport and entertainment organizations or venues over time.

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Strategic Partnerships at Walmart

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Bentonville

I remember my first visit to Bentonville, Arkansas. If you've been there, you know that Bentonville offers no frills. Simple airport, simple lodging, and simple but honest people who are there for each other. That doesn't surprise me as it confirmed the vision of Sam Walton: "If we work together, we'll lower the cost of living for everyone … we'll give the world an opportunity to see what it's like to save and have a better life" ("Mission of Walmart," n.d.).

In my mind I thought I would pull up to this glassy, high-tech skyscraper in Bentonville. After all, this is where Hollywood and the music industry came to get their products in Walmart stores. Everyone from Oprah, Tyler Perry, Steven Spielberg, and Prince, to name a few, understand the opportunities at Walmart. That's why I was there. As the CEO of Music World Entertainment, a company representing artists across the spectrum of different music styles, most notably, my own daughter Beyoncé, I was in Bentonville to examine how my company and Walmart could be of benefit to each other. Yet, I could not be more wrong about my idea of what the headquarters would look like. As Bentonville, they were as plain as they come. There was no mistaking, this building lacked the latest, newest architectural designs that characterize the companies of Google and Facebook, meant to inspire the young creative minds of their developers. This was built to actually do what Walmart does best: offer good quality products to the American public at an affordable price in a no-frill environment.

There was a reason I was standing here, and not in the offices of Sony Music or Columbia Records. In the early 2000s Walmart grew to become the top music retailer in America. With the growth and demand for the digital product, in 2008

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Apple passed Walmart for that honor, yet Walmart was still number one in the declining physical CD market. Walmart offered Music World Entertainment a competitive advantage that no one else could—an unparalleled distribution system. Their access to the largest retail crowd in the US made them extremely valuable to us. Yet, we could offer them something they were missing—content that attracted people to their stores.

It would be the beginning of a very productive strategic partnership.

Strategic Partnerships

Today's music industry is marked by many challenges such as declining sales, higher costs of goods and services, the impact of new digital platforms, and a user base not willing to purchase the conventional way. Yet, recording artists continued to be marketed by their record label the traditional way, as if these challenges can somehow magically be negated by the quality of an artist. Working outside the music industry for more than 20 years, selling medical system designs, allowed me to view the music industry as an outsider and not do things "as they were supposed to be done." I understood the importance of strategic partnerships, even if they were considered unconventional, and set out on a quest to get these partnerships to help my artists be successful.

Strategic partnerships are defined as a formal alliance between two commercial enterprises, usually formalized by one or more business contracts, but falls short of forming a legal partnership, agency, or corporate affiliate relationship. Productive partnerships allow both companies involved to enhance their offers and offset costs. The broad idea is that two are better than one, and by combining resources, partner companies add advantages for both companies through the alliance. These days, practically everybody who's anybody is partnering in one way or another, whether it's realized and publicized in the general market or not. Ideally, a partnership allows a company to add value for customers AND lower costs. That's why every strategic partnership is at its core a question of costs versus return. Before entering into a partnership, assess the other party carefully to evaluate the advantages and disadvantages of entering into the agreement. If you can satisfy your profit goals and customer expectations through the partnership, then it's the right call for your business.

There are several types of partnerships one company or business can form by strategically partnering with another company or business:

Financial Partnerships

These days, strategic financial partners handle accounting for most contemporary companies. Financial partnerships are beneficial especially if you use the same accounting firm for a period of time. Long-term accounting partners are able to scrutinize revenue better than most businesses can do in-house, and are one of the most vitally important partnerships a business can have. Finance professionals lend expertise in managing cash flow and are able to report revenue factually and without hesitation when required.

Marketing Partnerships

Marketing partnerships are extremely beneficial to small businesses that have a limited variety of products and services to offer customers. Perhaps your company provides one specific service like graphic design. A good move in this instance is to partner with a website development company that will refer you when graphics are necessary, and vice versa. This type of partnership allows each company to focus on what it does best. The idea is that one company creates a product or provides a specific service and the other adds a marketing twist to it with the intent to tap into a new market. To form a strategic marketing partnership, look for either a referrer with whom you share a customer base or a company operating in an interconnected field that can market your goods or services to a new network.

One common marketing partnership involves a supplier/manufacturer partnering with a distributor or wholesale consumer. Rather than approach the transactions between the companies as a simple link in the product or service supply chain, the two companies form a closer relationship where they mutually participate in advertising, marketing, branding, product development, and other business functions. As examples, an automotive manufacturer may form strategic partnerships with its parts suppliers, or a music distributor with record labels.

Supply Chain Partnerships

A widespread (and tremendously valuable) type of relationship is a supply chain partnership. One of the most apparent examples of this can be found in the film industry. Observe the opening credits of most movies and you'll see names of various companies prior to the start of the film. This is due to the fact that films are typically made in a supply chain technique. A relatively small production company may attend to filming and post-production, while a more prominent studio will be in charge of the film's financing, marketing, and distribution. But these types of partnerships exist everywhere: Toyota produces engines for Lotus sports cars; Texas Instruments produces chips for practically everything imaginable. Typically, the larger firm supplies capital, and the necessary product development, marketing, manufacturing, and distribution capabilities, while the smaller firm supplies specialized technical or creative expertise.

Benefit from a strategic supply chain partnership comes down to cost. If you can make it for less yourself, then you don't need a partner. But if you can hand off manufacturing to a dedicated factory and maintain profitability without sacrificing quality, then the alliance is a smart move. For many in the service industry, it's often an even easier decision. Cutting costs, streamlining processes, or improving quality are the reasons to enter into this type of partnership.

However, as constructive as they can be, supply chain partnerships can also be one of the most difficult to maintain. According to Andrew Humphries (2007), supply chain partnerships encounter difficulties on the supplier's side because the measures of success focus on time, cost, and quality. The other side may be more focused on sales and revenue. A supply chain partnership only works if each party involved can meet with end customers' expectations for quality and price while continuing to be independently advantageous.

Integration Partnerships

Integration partnerships are very customary in the digital age, since it is always great to have different applications work jointly and communicate cooperatively. Many software programs work cooperatively, such as an accounting program with a marketing program. Anytime you partner with a software provider, most likely the provider will benefit and gain new clients from your pool of clients and other partners. Integration partnerships can include agreements between hardware and software manufacturers (like how specific computers ship with security suites already installed), or agreements between two software developers who affiliate so that their individual technologies work cooperatively in an integral—while not necessarily entirely exclusive—way.

Many times companies will "bundle" services. An example is when you purchase a new PC already stacked with trial programs. Most times, after research, many companies decide to avoid this type of partnership; however, those who do enter these alliances and make them successful are most certainly providing partner products and services that add value to the purchase, and not just bells and whistles that end up making a lot of noise.

Technology Partnerships

The technology partnership marries businesses with IT companies. An example is an agreement between your web designer and a certain computer service that you call every time you need repairs. In return, you get discounts on services. Or maybe you join forces with a cloud-based storage platform to handle all of your file storage needs. Essentially, any kind of technological skill that is compulsory for business that cannot be provided in-house can be consigned to technology partnership. Selecting a partner in this industry must be preceded by a needs' assessment and a realization of benefits prior to entering into the partnership. For example, businesses should not pay monthly for print services if they can save money by going paperless. Assess each partnership platform before entering an alliance.

Some familiar names in strategic partnership success stories include the gas station chains that have partnered with McDonald's or Pizza Hut. Consider also Starbucks inside Barnes & Noble's bookstores, HP and Disney's *Mission: SPACE* attraction, and Nokia and Microsoft's partnership in producing Windows phones.

There can be many advantages to creating strategic partnerships. As Robert Grant (2008) stated in his book *Contemporary Strategy Analysis*, "For complete strategies, as opposed to individual projects, creating option value means positioning the firm such that a wide array of opportunities become available" (p. 44). Firms taking advantage of strategic partnerships can utilize other companies' strengths to make both firms stronger in the long run.

Strategic partnerships raise questions concerning co-inventorship and other intellectual property ownership, technology transfer, exclusivity, competition, hiring away of employees, rights to business opportunities created in the course of the partnership, splitting of profits and expenses, duration and termination of the relationship, and many other business issues. The relationships are often complex as a result and can be subject to extensive negotiation.

The Partners

Walmart

Starting in 2005, we've had the opportunity to work with Walmart on many exciting music-related launches, yet before I could do so, I realized that I needed to gain a better understanding of Walmart. My initial challenge was to understand Walmart as a multidivisional company with Walmart, Sam's Club, and its international market. While Walmart ethos is "everyday low prices," Sam's Club offers a variety of services from business, home, and lifestyle. For example, Sam's Club offers in its travel section cruises, tours, romantic getaways, etc. Even in the Walmart brand itself there are Walmart Stores, Walmart Discount Stores, Walmart Super Centers, Walmart Neighborhood Markets, and Walmart Expresses.

My second challenge required me to understand the many levels of management, product structure, market structure geographical structure, distribution approach, transportation, and the buying process. Starting at the senior corporate level of management, I began to review the function of the many levels of managers, from divisional to store level, which became critical to my process of learning product implementation. The Walmart platform, when maximized to the fullest, offers advertising that has included a number of in-store performances, print, TV, and radio. It offers point of purchase opportunities with product displays in more than 3,000 stores and more than one million shoppers per week. Walmart still offers an incredible platform for music, although in a shrinking market. Yet, I came to realize that despite its size and magnitude, Walmart was not without challenges. Their stock prices have stayed relatively stable since 2000, and the market they are competing in has matured and has become increasingly competitive. Walmart is not only competing directly with companies such as Target and Kohl's, but also with the rising presence of chains such as the Family Dollar Stores (who offered cheaper products than them), and online retailers such as Amazon (Hartung, 2012). To survive and grow in this market, I recognized that Walmart needed to find (entertainment) brands that lure people to their stores. This is where my company, Music World Entertainment, came in.

Music World Entertainment

Now in its 27th year, Music World Entertainment consists of: 1) Music World Music: a catalogue label with more than 200 albums in multiple genres including Pop, R&B, Country, Gospel, Kids, and Dance (with artists like Solange, The O'Jays, Billy Joe Shaver, Beyoncé, Chaka Kahn, Essence Music Festival series, and Michelle Williams of Destiny's Child—to name a few); 2) Music World Properties: our 62,500-square-foot block nestled in mid-town Houston with world-class recording studios and three venues; 3) Music World Artist Management: it manages Destiny's Child; and 4) Music World Academy: for all educational-based platforms from lecturing, books, and consultancies.

The Steps to the Partnership

Below I present the different partnerships we were involved in with Walmart. Note that not all the partnerships were just between Walmart and Music World Entertainment. In many instances, a third party was involved. Often it was a producer of a good that wanted to use one of our artists to endorse or sell their brand. In many cases we used these opportunities to further strengthen our partnership with Walmart, and below you will see companies such as Samsung, Vizio, and Coty Inc. (fragrance brand company) that played an instrumental role in our partnership with Walmart.

2005: The First Step

The success of Destiny's Child, Beyoncé, and Solange (as well as 10 No. 1 gospel debuts including Le'Andria Johnson, Trinitee 5:7, Brian Courtney Wilson, Amber Bullock, and Joshua Roger) were all a direct result from the strategic partnerships formed at Walmart. Destiny's Child was one of the best-selling female groups of all time, and named by Billboard as one of the most successful musical trios in history and the second most successful group of the 1990s (Billboard, 2008). Combined, these artists allowed Walmart to align themselves with a powerful entertainment brand. The first step to this wide-ranging partnership was made in 2005 with the Home For The Holidays commercial (http://adland.tv/commercials/wal-mart-destinys-child-2005-030-usa) that was strategically aligned with the Destiny's Child holiday album and the number one sound track, Roll Bounce. It would be the last album Destiny's Child would put out at that time, as at that point it was clear that the band members would continue as solo artists, and would only re-unite for occasional performances (such as the 2006 NBA All-Star game). It was a successful partnership that allowed Walmart to drive traffic to their stores leading up to the holidays, and ultimately 50% of all the first-week sales of the album would derive from Walmart, which highlighted the importance of the partnership to us. Since then, we've had numerous exclusives with Walmart in our music offerings.

2006: Samsung

Samsung is a leader in electronics with a wide product offering from light bulbs to TVs to CT and MRI scanners. In late 2006 we were approached by Samsung in loading one of their phones with music from various artists, thus an opportunity presented itself. My question to Samsung was "what if?" What if we brought to market a phone for their fastest growing demographic, which in 2006 was that 15-25 targeted market? At that point, Beyoncé was the front woman for the largest ever selling female group and in her own right had already produced two No. 1 solo albums that sold more than 10 million records in the US alone (see Table 1). The other "what if" was Walmart. What if in the US, the Samsung B Phone was only exclusive to Walmart with songs and exclusive B-roll. After all, at Walmart the electronics department sells phones, TVs, and music, which allowed the opportunity to sell across these product categories. Yet, while the idea followed the principles of a strong partnership, combining Walmart's distribution system with one of our strongest brands, the B Phone was only marginally successful in the US at Walmart. It taught us that sometimes partnerships are not successful because of small details. We had internal challenges with the price point, which meant that the phone had to be locked in a glass case. Each time a customer wanted to look and hold the phone, the cashier would have to unlock the case, which became a logistics issue of customers impatiently waiting and finally either buying another phone or walking out. Their lack of access to the product in the stores prevented the consumers from understanding the added value of the Beyoncé content to the product. It was a valuable lesson moving forward.

2007: Beyond Productions

In 2005 Beyond Productions launched the female apparel, House of Dereon, founded by Tina and Beyoncé Knowles. As Chief Marketing Officer, my role meant building the House of Dereon brand. The House of Dereon was named after Agnes Dereon, the grandmother of Beyoncé and a prominent seamstress in the early to mid-1950s in the heyday of Gal-

Table 1. US Sales for Beyoncé's First Four Solo Albums (as of December 2013)

Format and Channel	Dangerously In Love	B'Day	I AM… Sasha Fierce	4
Chain	2,970,000	930,000	790,000	250,000
Independent	330,000	120,000	80,000	70,000
Mass Merchant	2,490,000	2,130,000	1,850,000	640,000
Non-Traditional	50,000	50,000	80,000	80,000
Digital	80,000	120,000	330,000	350,000
Total Album Sales	4,920,000	3,360,000	3,130,000	1,400,000
Total Digital Track Sales	4,170,000	8,810,000	16,300,000	5,990,000
TEA (Track Equivalent Albums)	417,000	818,000	1,630,000	599,000
TOTAL SALES	**5,337,000**	**4,241,000**	**4,760,000**	**1,999,000**

Source: Adapted from Nielsen Soundscan

Note: Mass merchants include Target and Walmart, non-traditional sellers include Amazon, Starbucks, and concert venues.

veston, Texas, before the great hurricane. She taught all that she knew to her youngest daughter, Tina, who in her turn designed a lot of the clothing for Destiny's Child, particularly during the early stages of their career. From those three generations of creative, empowering women a brand was generated. The tag line, *House of Dereon: Couture, Kick, Soul*, with Tina as head designer and couture; Beyoncé the kick and the face of the brand; and Agnes the soul of the brand. There is a lot to learn in the apparel business, starting with product development. Because House of Dereon was a head-to-toe product, offering licensees had to be found. Structure and processes had to be put in place. Pricing and market analysis as well as an overall marketing strategy had to be developed and implemented. We also knew in apparel, product segmentation is critical. From the onset, we launched the House of Dereon offering, which was our high-end signature brand. Our second-tier product would be Dereon. The Dereon product was targeted more to the urban market that would also most likely have music from Beyoncé. Lastly was the Miss Tina brand for the more mature woman. It was our goal from the onset to establish three separate business units in related diversifications but a commonality. Our dilemma was deciding what was the most efficient way to launch the Miss Tina brand, which was positioned as a high-end fashion brand at a lower price point? Who was our customer? How do we market to them? In looking at our analysis of our strengths, weaknesses, opportunities, and the threat of confusion in our product offering or diluting our existing product offering, this became our strategy:

We would go to the Home Shopping Network (HSN) and do a 24-month deal and have HSN introduce the product with Tina (who is often referred to as Miss Tina) on their network on air; in effect we would let HSN spend the millions of marketing dollars required, which would create immediate cash flow. The other major key point with the deal is we would own the name in perpetuity and after 24 months could move the Miss Tina line to traditional retail. So after two years, we went to Walmart, and because of the success at HSN there was little pushback. Again, Walmart realized they could use the power of an entertainment-related brand to become a more prominent retailer of women's fashion. For this particular partnership, exclusivity was a must. This partnership worked out very well for us, as in 2011 Beyond Productions sold the women's and accessories line to Li & Fung USA for a reported $66 million. Li & Fung just signed an agreement with Walmart that would result in a deal worth $2 billion in sales, and saw brands such as the House of Dereon as valuable components of this deal (Cheng, 2010).

2007: Baby Jamz

The inspiration for Baby Jamz is my grandson Julez, who is also the face of the product. We were sitting around one night and noticed Julez's love for some toys and dislike for others. Then we thought, "Why don't we add a musical element? Why don't we make it a more urban toy? Will the general marketplace buy it? Who is our competition?" Baby Jamz consist of toys, CDs, and DVDs**.** Solange agreed to be on the music creative team, which meant we needed a toy manufacturer, something I know nothing about. The key to entrepreneurship is having an idea and bringing it to the market, so here we went again. After an extensive search for a toy manufacturer we found David Canner, owner of Planet Toys. Planet Toys is a mid-size toy manufacturer with success in the marketplace in an array of toy offerings. We formed a joint venture and moved aggressively in product design with a design team of four. Obviously we earmarked Walmart and in July 2007 we successfully launched in the toy department of Walmart. As with any new product, there were bumps on the way but they were easily addressed and conquered. Packaging concerns and pricing were some examples, but we proudly sold through inventory with some discounts along the way and were profitable. More importantly, our second design phase toys allowed us to give a product demonstration to the buyers at Walmart. We ended with $1.2 million dollars in orders. Now here is the interesting twist. One day I made a call to Planet Toys and the phone was disconnected. I've never heard from or seen David Canner since that period. His company filed for bankruptcy in 2009 and we were able to dodge any litigation. It was a great learning experience. We learned a lot even from the bizarre ending. When I carefully look back, I can see some of the warning signs existed, but at the time I ignored them. It did make me act more carefully in selecting my business partners.

2008: ZVUE

Zvue was a portable media player designed to be a combined digital MP3 player with a personal video player and a JPEG viewer all in one consumer electronics device. Around this time, Solange made an amazing album. It was Solange's second album, Hadley Street Dreams. It went on to be critically acclaimed by the likes of *The Village Voice***,** *The Boston Globe*, and *Rolling Stone Magazine*. As her manager and as an entrepreneur, we knew from our marketing research that Solange's audience was best described as an "intellectual, back-packing, coffee shop, digital kid" and we knew that we needed a product that represented that description. We also knew that to establish credibility in music you must have a Top 10 Billboard 200 album and a Top 5 R&B album at debut. Solange had both a No. 9 Billboard 200 and No. 3 R&B debut, selling 46,000 units in the first week. In 2007, we met Paul Chen, a very intelligent and energizing young man. Since my days of selling CT and MRI scanners I've had this yearning to learn technology, and Paul brought that out in me. Paul was a great teacher and about to embark on the team of this start-up company named ZVue. We could both see the synergy was there and we both believed Walmart could play an integral role of this partnership. After a number of trips to Bentonville, the decision was made to bring in the Solange ZVue unit in addition to the traditional CD. The major difference is Walmart bought the ZVue unit in what we call "one way," giving an immediate sales credit to the artist for Billboard, partly enabling Solange to have an amazing first week debut, which then opened many doors which included TV appearances, increased radio airplay, endorsement opportunities, touring, but most of all, credibility as an artist.

2009: Coty Inc.

On September 15, 2009, Coty Inc., a leader in the global beauty industry, announced a partnership to develop and market an exclusive Beyoncé fragrance, called Heat. Some six scents and six years later, that product offering has expanded (http://www.Beyonce.com/fragrance) as well as expanded to an extremely successful multimillion dollar global business. As with earlier launches, we partnered with Walmart—this time with their Beauty Division, although not exclusively. When the brand was released at Macy's, 72,000 bottles were sold in the first hour, and by August, the Heat collection was the best-selling celebrity fragrance in the world, with $400 million sold in retail.

2010: VIZIO

The relationship with Vizio started in two ways. One by the partnership formed with International Creative Management (ICM), which is one of the largest representatives of artists, actors, recording artists, and film & TV. ICM also has a branding and endorsement arm. Also around the same time in working with senior management at Walmart, I inquired about what new products in electronics were viewed as a "hero" product, a word widely used internally at Walmart if they felt the product performance was exceptional. Vizio was a hero product. After lengthy discussions, the forces united and on January 8, 2010, the announcement was made that Vizio had entered into a three-year, North American endorsement agreement. With Beyoncé more importantly, this particular endorsement deal expanded beyond the typical scope of endorsement opportunities and the partnership allowed her to participate in the design and performance characteristics of new products from Vizio's ever-expanding line of audio, visual, and web-enabled products. The partnership was very successful and Vizio was named one of Advertising Age's Hottest Brands. In 2011 they were the market leader in LCD HDTV television sets, surpassing brands such as Samsung, Sony, and Philips (Wartzman, 2011).

The Importance of a Strategic Partnership

As a first step to building a partnership, people should understand the value of their own organization and brand. For me, this always meant that I should not only try to get across to my partners that my artists were incredibly talented and successful, but also make sure our partners understood the passion, drive, and determination of my artists. One of my favorite stories to tell was how I pulled the very young and inexperienced members of Destiny's Child from an audition with a record company because I felt they were underprepared. They learned that day that they should never come unprepared. The resulting work ethic and professionalism my artists developed were a crucial part of our brand and increased our bargaining power in an extremely competitive entertainment industry.

Second, as an (initial) outsider to an institutionalized music industry, I was not afraid to explore partnerships outside the music industry. Over the last decade the world of music has changed tremendously and I believed that old partner-

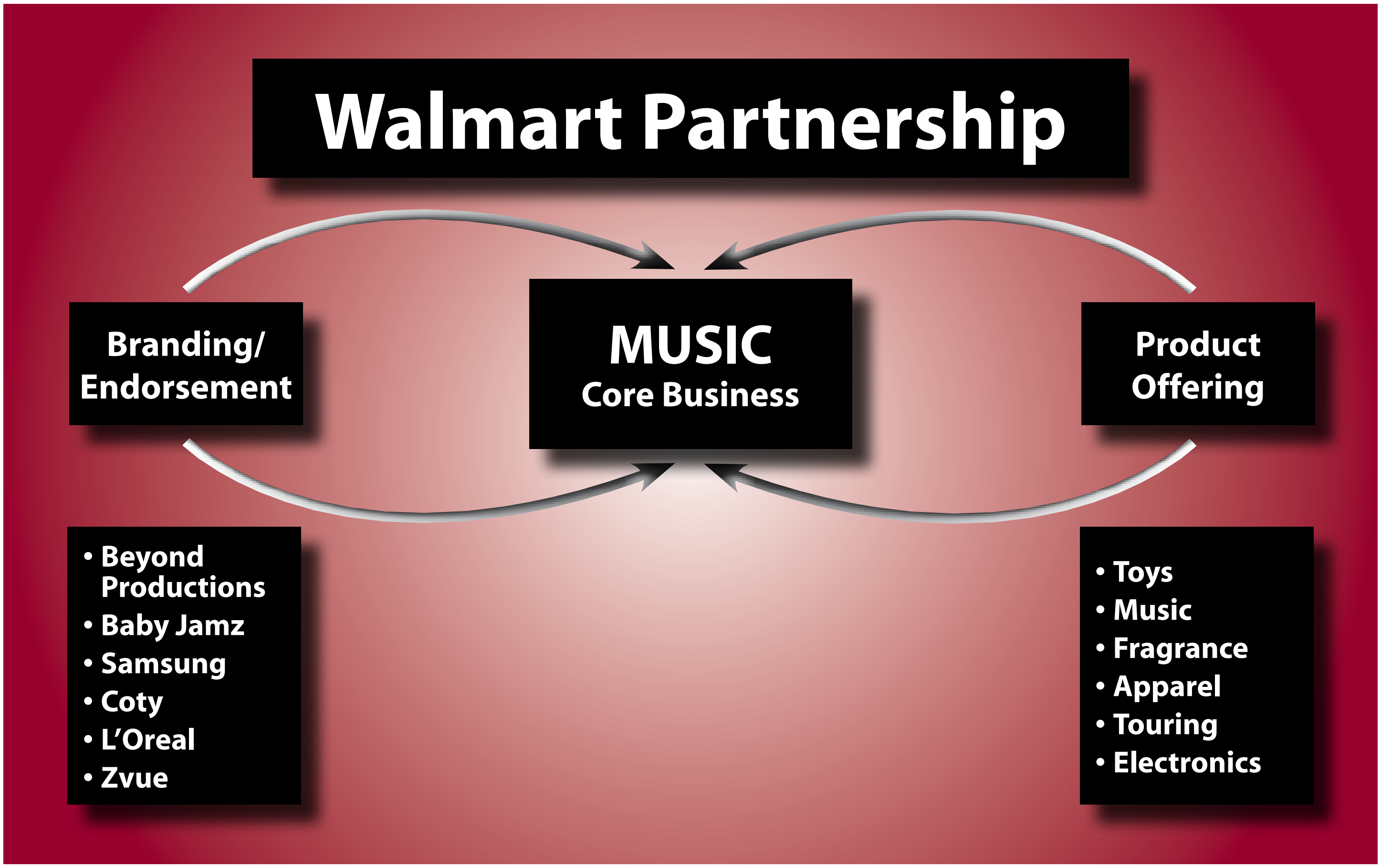

Figure 1. An overview of the partnership between Walmart and Music World Entertainment

ships were not necessarily the best way to go anymore. In an age of digital and social media both continuing to evolve, new partnerships were crucial in order to remain (and/or become) competitive in that new landscape. This paper is intended to show the power of both utilizing vertical integration with music as the core (see Figure 1) along with an entry strategy and making global strategic alliances that can differentiate you from the competition for a competitive advantage. In the current music industry it requires more than just the record label and a team to build an artist brand. It requires going beyond the boundaries of the traditional corporate record label approach, something that is rarely done by many managers and artists across the spectrum.

By building a strategic partnership with Walmart, we had this enormous platform at our disposal with direct access to the largest retail audience in the US. That platform allowed us not only to reach a greater audience, but also brought in more marketing dollars to expand the reach. More importantly, through these strategic partnerships, we were able to impact the success of Beyoncé, Destiny's Child, and Solange in a positive way.

However, a company or business need not be a brand behemoth, such as Beyoncé or Destiny's Child, to attract strategic partners. A strategic partnership can be exceptionally advantageous for small businesses with limited resources. Careful research is required for this type of business alliance, and through such research, small business owners can come up with a list of companies that may be suitable partners.

Initially, a realistic plan, which details how the alliance will benefit both companies, is required. The plan should be slanted in favor of the larger company. Next, find the person in the company who is the key decision maker and approach them directly. Build a relationship with that person first. Forget any hard sales pitches and focus instead on building a real friendship between the two of you. It is much harder to say no to someone with whom there is a relationship beyond simply business. Once there is a personal relationship, commence to the next step—presentation of the idea. Focus heavily on the benefits the targeted company will receive by entering into a strategic partnership and less time on the benefits your own company will receive. Finally, listen intently and adapt the proposal as necessary. Allow the potential partner to discuss their own goals for the company and then modify your pitch to show how the partnership will help them reach those goals. Many successful organizations, ranging from Hewlett-Packard to Ben & Jerry's, have used partnerships to grow. Even Microsoft and Apple were developed from partnerships. These days, when competition

Billboard

Top Artists of the Decade - Female

Rank	Artist
1	Beyoncé
2	Alicia Keys
3	Britney Spears
4	Mariah Carey
5	Pink

Top Artists of the Decade - Duo/Group

Rank	Artist
1	Nickelback
2	Destiny's Child
3	The Black Eyed Peas
4	Creed
5	Linkin Park

Top Artists of the Decade

Rank	Artist
1	Eminem
2	Usher
3	Nelly
4	Beyoncé
5	Alicia Keys
6	50 Cent
7	Nickelback
8	Britney Spears
9	Destiny's Child
10	Jay-Z
11	Mariah Carey
12	The Black Eyed Peas
13	Pink
14	Kelly Clarkson
15	Kanye West
16	Ludacris
17	Rihanna
18	Creed
19	Linkin Park
20	Christina Aguilera

Figure 2. The top artists of the '90s – Billboard, 1999

is brutal and you can't afford to compete on price alone, a partnership may be a savvy, viable business move.

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SUBMISSION GUIDELINES

The mission of *Sport & Entertainment Review* (*SER*) is to become the outlet for the best new ideas for people creating, leading, and transforming sport and entertainment organizations and businesses. *SER* seeks to be one of the world's leading journals on publishing cutting-edge, authoritative thinking on the key issues facing executives in the world of sport and entertainment.

Articles published in *SER* cover a wide range of topics that are relevant to the different industries in sport and entertainment (such as professional sport, live performances, music, theater, dance and art, etc.) around the world. To further enhance these industries, authors are invited to write about theoretical concepts in leadership, organizational change, negotiation, strategy, operations, marketing, finance, sales, human resource, and event and project management. Preference will be given to authors able to draw upon previous research they conducted in a particular area and are able to show how their previous studies furthered the understanding of this particular area.

While we encourage diversity in all subjects, all *SER* articles will have certain elements in common: (1) they are written for senior managers who benefit by the content and the article clearly articulates how the knowledge can be applied to the workplace; (2) the ideas presented in the articles can be translated into action and have been tested in a sport and entertainment industry context. Proposals that demonstrate fresh thinking that advances previous knowledge whose practical application has been thought through in clear, jargon-free language are those most likely to meet the readers' needs.

Proposals should answer the following questions:

1. What is the central message of the article you propose to write? What is important, useful, new, or counterintuitive about your idea? Why do managers need to know about your idea?
2. How can your idea be applied in business today?
3. For which kinds of companies would your idea work especially well? For which kinds of companies would the idea NOT work well? Why?
4. What research have you conducted to support the argument in your article?
5. Upon what previous work (either of your own or that of others) does this idea build?
6. What is the source of your authority? What academic, professional, or personal experience will you draw on?
7. What is the applicability of your idea beyond your own discipline of sport or entertainment, and how can it benefit the other fields in sport and entertainment? (e.g., if your study originates in sport, how can it benefit managers working in music, theater, arts, or live performance, and vice versa.)

The proposal should address the questions above (it does not need to be written in question-and-answer format) in a narrative outline (500-750 words). The outline should describe the structure of the article and detail each important point in a separate paragraph (excluding reference list).

Provide not just a sense of your primary ideas, but of how the logic of the ideas will flow. Points should be illustrated with real-world examples or one extended, detailed example.

Proposals will undergo blind peer-review to assess to what extent the proposal fits the submission guidelines of *SER*. This review process will take up to four weeks and could lead to three different decisions:

1. The proposal is accepted and the author(s) will be invited to submit a full article manuscript (3,000-5,000 words).
2. The reviewers provide positive feedback about the proposal, but invite the author(s) to revise the focus of the article and resubmit the proposal before moving on to a full review.
3. The reviewers decline the proposal.

The proposal needs to include the following elements in the order listed:

1. Title of proposed article.
2. Author's name, institution, contact information.
3. Narrative (500-750 words). Narratives should be submitted in 12-point Times New Roman font, using American Psychological Association (APA) Guidelines.
4. Reference list.

If a proposal is accepted, authors will submit a full-length article (3,000-5,000) for the review process, using the APA guidelines. While it is the intention of the editorial board to accept each article at this point of the review process, acceptance is not guaranteed. Reviewers retain the right to reject the manuscript, particularly if the authors are unwilling or unable to incorporate reviewers' suggestions for revisions.

Proposals should be submitted to SER editor Bob Heere at bheere@hrsm.sc.edu***, or assistant editor Chad Seifried at*** cseifried@lsu.edu
All inquiries about the submission and review process should be directed to Bob Heere via email at bheere@hrsm.sc.edu